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ABSTRACT

This document includes the following papers: "Challenge to the Small Business Workplace" (Quinn); "Endowed Positions in Entrepreneurship and Related Fields" (Katz); "Entrepreneurial Loan Request Image Variables as Perceived by Bankers and Entrepreneurs" (Klassen, Davis); "Entrepreneurship Education and Microbusiness Development as Part of a Community Revitalization Program" (Turnbull et al.); "Environmental Contact Selection as a Function of the Small Business Owner's Decision Style" (Brodzinski et al.); "Management and Small Business Success" (Fernald, Solomon); "Personnel Practices in the Small Business Manufacturing Sector" (Carr, Hunsicker, Padgett); "Rural Entrepreneurship Research" and "Unified Approach for Developing Rural Entrepreneurship in the U.S." (Wortman); "Use of Business Plans by Rapidly Growing Firms" (Olson); "Women Entrepreneurs: An Examination of Different Age Groups" (Kuratko, Seeborg); and abstracts of the following--"Entrepreneurship Education Research" (Borycki); "Examination of Corporate Entrepreneurship" (Kuratko); "How Consultants Contribute to New Venture and Small Business Development" (Chrisman, Carsrud); "Opportunity: The Neglected Concept in Entrepreneurial Management" (Neil); "Patterns of Organizational Stress in the Growing Entrepreneurial Firm" (Merz, Watkins); "Perceptions of Board Influence in Inc. 500 Firms" (Ford, Priesmeyer); "Be All that You Can Dream" (Pfrogner); "Black Entrepreneurship" (Bewayo, Pritchett, O'Daniel); "Consultants to Small Business" (McMillin); "Consulting Issues" (Farber et al.); "Creation of a Business Image" (Passewitz, Heimlich); "Curriculum Development in Entrepreneurship" (Davis et al.); "Eastern Caribbean Investment Promotion Service Workshop" (Spain et al.); "Entrepreneurship Education Winners from Kindergarten to College" (Schwammberger); "Entrepreneurship Ethics" (Ulrich et al.); "Entrepreneurship Western Style" (Connelly, Hamilton); "The Individual Entrepreneur" (Chrisman, Naumes); "Keys to Profitability" (Fiorito et al.); "Michigan Business Counselor Certification Training Program" (Grose); "Model Adult and Community College Entrepreneurship Programs" (Hague); "Model College and University Entrepreneurship Programs" (Devlin); "Model Elementary and Secondary Entrepreneurship Education Programs" (Mahr); "New Strategies for a New Decade" (Harris); "Nurturing the Female Entrepreneur" (Sharpe); "OVET Program in Ohio" (Albert); "Partners in Policy" (Adams); "Influence and Status of Female Entrepreneurs in the 1990s" (Moore, Buttner, Adams); "Structuring for Corporate Venturing" (Hofer, Day); "Valuation of Closely Held Corporations" (O'Brien, Nichols); "Ohio Ventures in Business Ownership Project" (Price); and "Women in Business: Meeting the Challenge" (Gillman). (SK)

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United States Association for Small Business and Entrepreneurship

Fourth Annual National Conference
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New Strategies for a New Decade

Conference Proceedings

Fourth Annual National Conference
UNITED STATES ASSOCIATION FOR SMALL BUSINESS AND ENTREPRENEURSHIP

Edited by
M. Catherine Ashmore
George Solomon
Andy Bangs

Cleveland, Ohio
October 8–11, 1989

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INDIVIDUAL ENTREPRENEURSHIP DIVISION

The mission of the individual Entrepreneurship Division of the United States Association for Small Business and Entrepreneurship is to expand the field of knowledge and increase interactions among individual entrepreneurs, family business members, and educators by encouraging and sharing theory development, empirical research, and business applications and experiences.

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The division's domain is the identification and development of new opportunities, new resources, and new structures for doing business in areas beyond the current field of operations of an existing company. Topic areas include internal corporate venturing, intrapreneurship, strategic renewal, joint ventures, venture divisions, innovation, product championing, structuring internal ventures, integrating internal ventures, spin-offs, and scope swapping.

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The division's domain is the study and delivery of entrepreneurship education programs including the instructional strategies for implementation of the five stages of the lifelong entrepreneurship education model, which include gaining prerequisite basic skills, discovering entrepreneurship competencies, learning entrepreneurship competencies, becoming self-employed, and solving business problems.

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COMPETITIVE

PAPERS

A CHALLENGE TO THE SMALL BUSINESS WORKPLACE: FAIR COMPENSATION FOR ILLEGAL ALIENS

John F. Quinn, University of Dayton

ABSTRACT

Many small business employers who have traditionally relied on illegal aliens to make a profit will be affected by the decision in **Rajni Patel v. Quality Inn South.** Although Quality Inn South was a hotel franchise, the agriculture, apparel manufacturing, construction, restaurant and household industries are equally vulnerable. The court provided to illegal aliens the same Fair Labor Standards Act (FLSA) benefits that legal workers enjoy (minimum wage, overtime and others). The small business workplace may be changed dramatically because of the Patel case.

INTRODUCTION

This paper focuses on the fair compensation standards for legal aliens in the work place. The legal capacity of an alien to maintain an action for violations of the Fair Labor Standards Act (FLSA) in light of the newly enacted Immigration Reform and Control Act of 1986 (IRCA) will affect all small businesses.

A major case that illustrates the new standards in the treatment of illegal aliens is **Patel v. Quality Inn South Inc.** Rajni Patel worked in the hotel business at the Quality Inn South where he performed janitorial and maintenance duties for two years. He was working illegally since he overstayed the duration of his visa. His complaint against Quality In was that he was not paid the minimum wage and overtime compensation as provided for under the FLSA. Quality Inn contended that since Patel was working illegally, he could not seek protection under the FLSA. The United States Court of Appeals held that Patel was protected under the provisions of FLSA despite his illegal status. This decision could seriously affect any Quality Inn type small business after the IRCA.

Patel will affect any business that hires illegal aliens, but especially a small business franchise, like Quality Inn South. It simply was put out of business as a result of **Patel** and is now in the process of changing its name to a nonfranchised small hotel. The trend for major manufacturing companies to go abroad does not apply to franchise hotels. They stay at home, but often stay and cut costs by hiring illegal aliens. The new fair compensation standards that apply to quality Inn South limit the employment options available, especially to small businesses who must keep their eyes on the bottom line.

PATEL V. QUALITY INN SOUTH AS A LANDMARK DECISION

This case was on appeal from the United States District Court for the Northern District of Alabama (17). Mr. Patel, an undocumented alien brought suit to recover unpaid back pay, liquidated damages and attorney's fees under the Fair Labor Standards Act. The court entered a summary judgment for the employer, Quality Inn (18). Mr. Patel came to the United States from India on a visitor's visa in 1982. He remained in the United States six weeks after the expiration of his visa. He began to work for the defendant, Sumani Corporation, at its hotel, the Quality Inn South, in Birmingham, Alabama. He performed various tasks at the hotel until October of 1985 (18).

In August 1986 Patel brought this action against the Quality Inn South. He contended that his employer violated the wage and overtime provisions of the Fair Labor Standards Act and sought to recover $47,132.00 plus liquidated damages and attorneys' fees. In March, Quality Inn filed a motion for summary judgment because undocumented aliens (illegal aliens) were not entitled to protection under the FLSA. The court ordered the Department of Labor to file a statement of its position on the issue. It stated that undocumented aliens were covered by the provisions of FLSA and thus entitled to protection. In May of 1987, the court granted employer's motion for summary judgment and held that undocumented aliens could not recover for violations of the FLSA. The court could not find any authority for the notion that illegal aliens were protected by the FLSA. It relied on the Immigration and Reform Act of 1986 (IRCA) (13). IRCA makes it unlawful to hire illegal aliens and provides sanctions against employers who violate the statute (18).

The district court found that the application of the wage and overtime provisions of the FLSA would conflict with the Immigration and Nationality Act

(INA) as amended by the IRCA. The court's rationale was that, if they allowed this action under FLSA, it would **encourage** support of illegal immigration by small employers and undermine the policies under INA. The court stated that,

"the IRCA was intended to remove an economic incentive for illegal entry into the United States . . . and to correct a policy in the past of allowing illegal aliens the full protection of all laws designed to protect workers legally within this country. Thus, the IRCA was designed to correct or ameliorate those provisions of the INA which in effect condoned and encouraged undocumented aliens to enter this country to work. This court's decision holding that an illegal alien cannot obtain a remedy for violations by his employer of the provisions of the FLSA is fully consistent with the objectives of federal immigration law as now amended" (17).

The appellate court in reviewing the appeal, examined the FLSA in order to decide whether illegal aliens were entitled to the protections under this law. The act requires employers to pay their employees a statutorily prescribed minimum wage, and prohibits employers from requiring their employees to work more than forty hours per week unless the employees are compensated at one and a half times their regular hourly rate. For violations of the provisions, the FLSA imposes criminal sanctions and allows employees to bring an action to recover any unpaid minimum wages and overtime, plus liquidated damages and attorneys' fees (18).

The court also looked at section 3(e) of the FLSA under which the term "employee" was defined to include "any individual employed by an employer." In addition, the United States' Congress set forth specific exceptions. The court stated that, since Congress use a broad general definitional frame work, followed by several specific exceptions, this strongly suggests that Congress intended an all-encompassing definition of the term "employee" that would include all workers not specifically excepted (18).

The court also examined the FLSA's legislative history. One Senator commented that the definition of employee "is the broadest definition that has ever been included in any one act (5)." The Supreme Court also has interpreted the word "employee" very broadly and reinstated the Congressional definition: "any employee employed by an employer (15)."

The court relied on another case that involved a small business (20). In **Sure-Tan, Inc. v. NLRB**, the court held the position of the National Labor Relations Act, "Since undocumented aliens are not among the few groups of workers expressly exempted by Congress, they plainly come within the broad statutory definition of employee (20)." The Supreme Court in **Sure-Tan** weighed heavily in favor of Mr. Patel's argument that Congress did not intend to exclude undocumented aliens from the FLSA's scope (18).

The Department of Labor had already supported Mr. Patel's position. The Department traced back the history to 1942, when the Wage and Hour Administrator stated that alien prisoners of war were covered by the act and therefore were entitled to be paid the minimum wage (7). The court also found that the Department had enforced that FLSA on behalf of undocumented workers on many occasions (18). In light of the evidence before the court, the defendant's contention that Congress did not intend to protect undocumented workers is contrary to the right of authority. The court could not find anything that suggests that Congress intended to exclude illegal aliens from that statutory definition of "employee." Quality Inn tried to argue that in light of IRCA, undocumented aliens are no longer entitled to recover under FLSA (18).

The court found that nothing in IRCA or its legislative history suggests that Congress intended to limit the rights of illegal aliens under the FLSA. This is the case despite the number of small businesses that pay less than minimum wages to illegal aliens. The court found that the FLSA's scope for undocumented aliens to be consistent with IRCA and the policies behind it. In examining the legislative history, the court recognized that these aliens would continue to be protected under FLSA (2). It based this claim on the House Education and Labor Committee Report to the IRCA which stated, the committee does not intend that any provision of this Act would limit the power of State or Federal labor agencies such as the Wage and Hour Division of the Department of Labor in conformity with existing law, to remedy unfair practices committed against undocumented employees for exercising their rights before such agencies. To do otherwise would be counter-productive of our intent to limit the hiring of undocumented employees and the depressing effect on working conditions caused by their employment (8).

Additionally, under section 111(d) of IRCA, Congress specifically authorized the appropriation of additional funds for increased FLSA enforcement on behalf of undocumented aliens. Section 111(d) reads, "there are . . . such sums as be necessary to the Department of Labor for enforcement activities

of the Wage and Hour Division . . . in order to deter employers from exploiting aliens (3)." Furthermore, it is important to analyze the policies behind IRCA, which Congress enacted to reduce illegal immigration by eliminating the employers' economic incentive to hire undocumented aliens. To achieve this goal, there are many sanctions for employers who hire illegal aliens. The FLSA's coverage of undocumented workers has a similar effect in that it offsets what, according to the court, is the most attractive feature of such workers--their **willingness to work for less then the minimum wage.** If the FLSA did not cover illegal aliens, employers' would have an incentive to hire them. Employers of small businesses especially could find it economically advantageous to hire and underpay undocumented workers and run the risk of sanctions under IRCA (18).

The court recognized the continuing goal of discouraging illegal immigration by allowing illegal aliens to recover under FLSA. The court doubted that may illegal aliens enter United States' employment in order to gain the protection of America's labor laws. Instead, it is the hope of getting any job, at any wage, that encourages illegal aliens to cross the border (18). Since these illegal aliens were "employees" under FLSA, they could sue employers like Quality Inn for unpaid wages and liquidated damages. The judgment of the district court was reversed and the case was remanded for a determination on the merits (18). Again this case put Quality Inn out of business. Quality Inn is typical of many small business franchises.

SHIFT IN PUBLIC POLICY FOR SMALL BUSINESS

The number of illegal aliens in the United States is difficult to measure. Most experts agree that there are at least three million and as many as six million (6). These illegal aliens have entered the labor markets and have become invaluable small business employees. The major labor markets include four industries: **agriculture, apparel manufacturing, construction and the restaurant industry.** The four industries employ thirty percent of the undocumented workers. Over thirty-nine per cent of the employees on the apparel industries are illegal. The leather and footwear industry employs thirty-seven per cent of the illegal alien workers. Approximately fifty-two percent of the workers in private households are illegal aliens (11). The unfortunate fact is that many of these undocumented workers are being subjected to adverse wage and working conditions (10). The Immigration and Naturalization Service estimated that thirty per cent of the undocumented workers are paid less than the minimum wage (13). Some argue that this percentage is unreliable and could be much higher. The Percentage of undocumented workers subject to overtime without compensation has been found to be even higher. These industries and others like the hotel/motel business have relied on illegal aliens in order to make any profit at all. An important reason for a small manufacturer, e.g., in the apparel industry to move from the North and East to the South and Southwest is the ready supply of illegal aliens. In 1938 the Fair Labor Standards Act was enacted to prevent inhumane treatment of employees by setting up minimum wage and overtime provisions (8). Many employees believe that undocumented workers do not fit under the protections of FLSA because of the workers illegal status. Therefore, many undocumented workers have not benefited from the law. Additionally, many workers have been too fearful of deportation to attempt to bring an action and assert their rights under FLSA (4). It has been suggested that undocumented workers should be protected under FLSA because allowing this protection would help to control the illegal alien population. If illegal aliens received the same labor protection as those in the United States legally, the employer's incentive to hire the workers would decrease (4), either because of the threat of lawsuits or the promotion of humanitarian values (4).

The Immigration Reform and Control Act of 1986 states that it is illegal for an employer to hire an undocumented worker. Employers who are found to be **knowingly** employing undocumented workers can be punished with sanctions (5). Section 1324(a) of the INA makes it a felony to willfully import, transport, or harbor an undocumented alien (12). Under IRCA, the sanctions imposed are civil penalties in different amounts. The smaller the business, however, the less the penalties. Criminal penalties can also be imposed (12). Some believe nevertheless, that the effectiveness of the sanctions is questionable (4). Economic forecasts indicate that employer sanctions will reduce the employment of illegal aliens by fifteen to twenty-five per cent only (11). In the light of this information, there are public policy reasons why undocumented workers should be protected under FLSA. Additionally, protection will be provided because it is consistent with the policy set forth under IRCA.

Let us look first to the policy behind the enactment of the FLSA in order to understand what type of business behavior the law is trying to deter. The FLSA is commonly referred to as the wage and hour law which applies to employers, engaged in commerce, or in the production of goods for

commerce. Congress did not intend to rely on detailed federal supervision of payrolls for violations of FLSA, but instead, chose to rely on employees' complaints. It is therefore critical for the enforcement of FLSA that employees will not be penalized or discriminated against by their employers either because they are satisfied just with having a job or because they fear deportation. This fear often compels them to accept their lower wages, rather than file a complaint about their employer's abuses (4).

Despite all the stereotypes, stigma and negative connotations that the popular culture associates with being an illegal alien, a claim for wages earned is a legitimate claim. The workers have earned the right to that wage and the employers have gained a benefit from the work done by the worker for which the employer must compensate. It is the property right of the undocumented worker that is taken away when the worker is denied a minimum wage and overtime (4). The alien in fact earned that wage. When employers do not compensate workers for their time, they are taking advantage of or exploiting the worker's situation. Since workers do not have the proper documents to entitle them to work in this country, the employer seizes an opportunity to use the employees to an unfair benefit or economic gain.

Many aliens enter this country because of the high unemployment in their countries and opportunities for employment in this country. If workers were protected under FLSA, immigration would be deterred because employers would be less motivated to hire illegals. If, on the other hand, there were no legal barriers to the influx of illegal aliens, small business employers especially would encourage illegal immigration for clear economic reasons (4). These reasons clearly motivate companies to go abroad or overseas. Why not bring those cheap laborers over here?

In applying the FLSA, courts have relied on the decision in **Fleming v. Hawkeye Pearl Button Co.** This stated, "the manifest declared purpose of the statute was to eradicate from interstate commerce the evils attendant upon low wages and long hours of service and industry. . . . The statute is remedial, with a humanitarian end in view. It is therefore entitled to a liberal construction (9)." According to **A. H. Phillips, Inc. v. Walling**, the FLSA has been praised for insuring that all working men and women receive a "fair day's pay for a fair day's work." The court also added that because of its remedial nature, any exemptions form the FLSA must be "narrowly construed (1)." In the eyes of President F. D. Roosevelt, FLSA was enacted in response to the one third of the people in the U.S. in 1937 who were "ill housed, ill clad, and ill nourished (22)." The FLSA was thus a response to exploitive conditions and a cry for "certain minimum labor standards for all employees who fell under the protection of the Act (14). It also had an economic motivation behind it as well. It was designed to eliminate the unfair methods of competition that required employees to work long hours for only a few cents an hour. Supporters of the legislation felt that it would increase efficiency in production methods (4).

According to some, if the courts exclude undocumented workers from the protection of FLSA, they will be placing the aliens in the position of becoming the "ill housed, ill clad, ill nourished." These are the very conditions that Congress tried to eliminate. Should illegal aliens be denied protection when they do not have the proper documents, thus furnishing an economic advantage to a small business by the denial (4).

Should the economic advantage override the social performance of business? This common conflict between the economic and social performance of business is a frequent dilemma. Should the United States place itself in the forefront of the promotion of humanitarian values and establishment of broad human rights laws (4)? The United Nations Universal Declaration of Human Rights states that "everyone is entitled to the rights and freedoms set forth in this declaration, without distinction of any kind." These human rights include the right to favorable conditions of work, the right to equal pay for equal work, the right to just and favorable renumeration ensuring an existence worthy of human dignity, and the right to form and join trade unions (3). To do otherwise would be to encourage substandard living conditions for certain human beings (4). This broad based ethical ideal is hardly convincing to a small business entrepreneur who has an eye on the bottom line.

Another argument for allowing undocumented workers the protection under FLSA provisions has been termed "the participation model." Under this model, aliens' rights are not determined by whether the alien is a citizen or not. Rather aliens retain more rights "as they increase their identity with our society (4)." This argument was the premise on which the Supreme Court decided **Plyer v. Doe**. The Court decided whether a Texas statute was unconstitutional because it denied undocumented aliens access to public schools. The court stated that the school children were not to blame for their presence in the United States and that education of

its children is a matter of "supreme importance" to the public (16).

The court was also concerned with the quality of life experienced by school children. The children were living in a community that consisted of citizens. Failure to provide education to the children would be detrimental to the society as a whole. The court, therefore, held the statute unconstitutional (16). If the children of illegal aliens should participate in certain benefits, i.e. school, should not the parents participate in certain benefits, i.e. wages?

Thus the same humanitarian policy exists behind FLSA. The same opportunity to seek a decent standard of living for all human beings underlies the law today, as in 1938. If we do not allow the undocumented workers the protection under FLSA, we are forcing them to continue to live at a poverty level. The children of these workers will also be brought up in the same conditions. By turning our backs to the exploitation within certain small business industries as the argument goes, we are only hurting our own society, because we will allow poverty to increase. Perhaps the crime associated with poverty as well will increase. In fact, there is evidence that the workplace is responsible for much of the malaise in America: the crime among young people, mental stress in all levels of society, chronic mental depression. Stress in the workplace creates stress in the community (16).

Employers will continue to take advantage of these vulnerable people in order to produce a cheaper product or for the competitive advantage. Employers would be encouraged to hire undocumented workers for the competitive advantage that an environment relatively free of labor safeguards may offer. This in turn could effect the American workers who could be placed out of the job market for those particular jobs (18). Are we going to encourage American workers into our basic industries or are we going to encourage illegal aliens for the competitive advantage that they offer of cheap labor? It is difficult in this transition period to be ethical when the economic performance is so important.

The legal standards are, however, now clear: illegal aliens are entitled to the same standards as legal aliens under FLSA. Respect for this standard will avoid the kind of consequences that happened to Quality Inn South. Going out of business! Quality Inn was an opportunistic employer exploiting a vulnerable alien. There is a clear public policy against discrimination based upon alienage. This is either under the Civil Rights Act of 1965 Title VII or under the broad reach of section 1981 of the Reconstruction Laws as recently interpreted by the Supreme Court. The Court interpreted the term "race" to include national origin and alienage. Thus the trend is to protect aliens against discrimination. The fact that one does not have a document, does not justify the denial of dignity, respect and the other intangibles protected against by anti discrimination laws.

The employee's position, especially an illegal alien in this age of bureaucracy, complex government regulation, limited constitutional protection, and almost nonexistent press coverage, can be described as vulnerable (19). Should the small business workplace have the same fate as Quality Inn South? Mr. Patel, "an illegal alien who resided in Birmingham may have quite a bit of back pay coming to him . . . $47,132, plus damages and attorney's fees (21)." Since a "three-judge panel . . . voted that the Supreme Court has historically adopted an expansive definition of the term 'employee' and that Congress has clearly intended for undocumented aliens to be protected under the FLSA (21)," what happened to a franchise like Quality Inn South may be repeated for any exploitative employer.

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ENDOWED POSITIONS IN ENTREPRENEURSHIP AND RELATED FIELDS

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ABSTRACT

Results are reported from a survey of endowed positions such as chairs and professorships in entrepreneurship and related disciplines (family business, small business, free enterprise, private enterprise). Ninety-three positions were identified. Using information on a subset of the positions, endowment amounts and growth in the number of endowed positions are detailed. Cautions in the use of these analyses are included to help improve the data gathering and analysis of future endowed position surveys.

INTRODUCTION

Just as nations take a small measure of their success in their counts of Olympic medals, academics (largely deans) and the media see counts of professorships and chairs as indicative of the strength of a field. For the field of entrepreneurship, Vesper and Kierulff provided an overview of endowed positions in the 1985 edition of *Entrepreneurship Education* (Vesper 1985). However the field's growth since that time has been explosive. Recent guestimates of roughly 100 chairs have made media headlines and have stood without verification or rebuttal. This paper seeks to analyze a substantial sample of endowed academic positions related to the diverse interests of the field of entrepreneurship.

POSITION SAMPLING: THE CASE OF ENTREPRENEURSHIP AND RELATED DISCIPLINES

In this report, entrepreneurship is thought to include a number of related disciplines such as family business, free enterprise, private enterprise, and small business. Given the professional infrastructure of the field, these groups tend to have their own meetings, newsletters and to a lesser extent their own journals. However, they are fundamentally concerned with the same general class of business firms, and the same situations of organizational birth, early stage development, and organizational transitions such as generational succession or buy-out.

Over the past two years, a number of small projects were undertaken to ascertain the structure of the general field of entrepreneurship. Many of the findings were published in the Academy of Management's *Entrepreneurship Newsletter.* In one project (Katz 1989a), a complete list of dissertations in the field of entrepreneurship, including the above variants, was obtained for 1987 and 1988. Of 19 titles in 1988, only 5 were from management programs. The other fields represented included: individual and family studies, business education, political science, accounting, sociology, home economics, adult education, American studies, and vocational education. The 24 titles in 1987 added the fields of agriculture, economics, environmental sciences, experimental psychology, geography, industrial engineering, industrial psychology, Latin American history, marketing, and nursing.

The second review (Katz 1989b) was of the *Best Paper Proceedings* of the national meeting of the Academy of Management (Hoy 1988). Of 73 papers listed in the 1988 edition, 3 were from the Entrepreneurship Division. Of the remaining 70, five other papers reflected entrepreneurship themes or used entrepreneur samples. Topically, entrepreneurship was one of the largest sources of well-received ideas at the 1988 meeting.

The implication of these two reviews is clear, entrepreneurship as a general field transcends the boundaries of a single discipline. Given how widely and correctly the concept is used in academia, it probably is not wise to limit entrepreneurship to only those interested in small business or only family business, or only high-growth businesses. It is evident that good work in entrepreneurship, widely defined, is hardly limited to people who are self-declared entrepreneurship researchers. Informed by this, the collection of information on endowed position cast its net widely. This meant that holders of positions in entrepreneurship, small business, family business, free enterprise and private enterprise were included. Additionally, several individuals who are identified as being involved in entrepreneurship research or teaching but holding endowed positions in other areas were included.

Some examples, such as Arnold Cooper of Purdue, will seem instantly understandable. Others, such as Donald Hambrick of Columbia may be more open to debate. The goal of this listing is to be as inclusive as possible.

THE NATURE OF ENDOWED POSITIONS

There are two general categories of endowed positions: chairs and professorships. Although there may be some conventional wisdom as to the nature of each (e.g., chairs have greater endowments than professorships), in practice across the nearly 100 schools, there is wide variation on what each type of position entails. The purposes of an endowment, arbitrarily arranged from least to most ambitious include:

Activity Support: This occurs when the amount of money available is relatively small. The activities supported might include funding for: travel, long distance calls, publication and mailing of papers, organizational membership, books or periodicals, computers and student research assistance.

Salary Bonus: In some cases small endowments may generate funds used to supplement faculty salaries drawn from the university's general budget.

Support Staff: Moderate endowment incomes may be sufficient to support research, editorial, and/or secretarial staff on a full- or part-time basis.

Salary Replacement: When endowments are substantial, the holder's entire salary may be drawn against the endowment income. In some schools some of the faculty salary freed by the endowment is provided to the holder for support expenses. In the cases of the largest endowments, the endowment income is sufficient to provide not only salary replacement, but also support staff and activity support.

The mission of an endowed position can vary dramatically. Traditionally, holders of chairs in Free or Private Enterprise have included many of this nation's most determined supporters of small business. In part this action reflects the mandate behind the position as well as the type of people selected for such positions.

However, the personality of the holder of the position can strongly effect the direction of the office. For example, Gerald Hills holds the Denton Thorne Chair in Entrepreneurship and Smaller Enterprises at the University of Illinois at Chicago, while Donald Sexton holds the William H. Davis Chair in the American Free Enterprise System at Ohio State University. My own view of their work is that Sexton, despite holding a chair of free enterprise, is a key proponent of the need to focus on firms with the entrepreneurial potential to become very big, such as Apple or Compaq. On the other hand, despite the entrepreneurial bent of his chair, Hills has promoted a populist approach to the field, focusing attention on the needs and value of the smallest enterprises.

Endowed positions also adhere to the traditional triad of work in academia: teaching, research, and service. The impact of the endowed position is in many cases to permit the holder to achieve a different balance of the three tasks. It is not uncommon for endowment income to be used to buy-out some of a holder's teaching time. Others use the funds to pay for research assistants.

Ironically, discussion with several holders of endowed positions indicates that the one task which grows uncontrollably is the service component. Because of the external ties and added attention which are part of an endowed position, holders often become even more involved in community and university service. Examples of this type of service include media relations, such as Frank Hoy's appearances on Cable New Network as an occasional consultant on entrepreneurship issues, university development such as Jeff Timmons's work helping universities to generate endowed positions of their own, and Howard Stevenson's advising alumni groups on entrepreneurship issues. Other activities include business awards, business plan competitions, and serving as officers for the many organizations in the field of entrepreneurship.

The service element often also contains a clinical component. Virtually every endowed position holder maintains some consultation to potential and existing businesses. To some the greater public service is seen as part of their own obligation as recipients of the community's largesse. Others consult *pro bono* in some cases, and for fees or equity in others. In almost every case, the clinical component of service is seen to increase with the attainment of the endowed position. This comes in part because of the greater awareness of the community and fellow academics of the endowed position holder.

THE IMPORTANCE OF ENDOWED POSITIONS

For an emerging field such as entrepreneurship, endowed academic positions serve symbolic and structural purposes. Endowed positions represent an important symbol of legitimacy as an academic domain. Business schools have traditionally prided themselves on their close association with the world of business. When businesses or executives are willing to donate hundreds of thousands of dollars to fund a position, the act of these important external stakeholders funding positions legitimizes the field.

Endowed positions in their own right are an important symbol to deans and university executives, since each position contributes to the financial well-being, quality of faculty recruiting, and reputation of the university. For university executives, endowed chair and professorship counts reflect a simple and robust way of evaluating the quality of a school, in much the same way that an Olympic medal is thought to reflect the quality of the athlete's country.

Another symbolic impact of the endowed position occurs at the level of the holder. Achieving an endowed position is one of the most desired outcomes for academics. Receiving an endowed position reflects and legitimizes the contributions of the holder, and garners the holder considerable additional attention and respect from people within and without academia.

Many of these symbolic outcomes are buttressed by structural impacts of having endowed positions. The financial and other resources of an endowment generally make possible greater research, service, and dissemination activities on the part of the position holders. This greater focusing of resources make it possible for the holders of endowed positions to have a greater than average impact on their field.

Endowment funds can be used as seed monies making possible the acquisition of larger or more demanding external grants. With the time and other resources an endowment provides, it is possible for the endowment rich to get richer. Additionally, endowed positions guarantee the continuation of the field by assuring support to entrepreneurship faculty for research, teaching and service.

DATA GATHERING

The initial analysis of endowed positions was based on a list of positions compiled from a number of sources:

The Vesper and Kierulff appendix in Vesper's *Entrepreneurship Education - 1985,*

The ICSB's *Entrepreneurship Chairs and Centers* (Kierulff 1985),

Enterprise and Education published by the association of Private Enterprise Education,

ENTRENOTES ACE's Networking newsletter for faculty and educators,

The biographies included in Babson's *Frontiers of Entrepreneurship Research* from 1980 to 1987,

Lists developed by Donald Sexton at a 1987 Academy of Management Entrepreneurship Division Board meeting, and more widely known formal lists developed by Calvin Kent at Baylor and Fran Jabara at Wichita State,

Job postings that came to the USASBE and Academy officers, and finally,

The educated guesses of a number of senior people in our field, including Karl Vesper, John Ward, and Jeff Timmons.

The resulting list and analyses, while detailed, is likely not to be comprehensive. The staff of the Institute of Entrepreneurial Studies at Saint Louis University, including Steven Carl, Crystal Dillard, Teri Horlocker, Katey Kaletta, Jeanne Rhodes, and Tom Walk, have called sites identified to confirm the details of the endowed positions.

INTERPRETIVE CAUTIONS IN USING THE DATA

The various issues raised above frame a set of cautionary concerns which should be heeded by anyone intending to use this analysis. First, not all positions are created or kept equal. The funding backing the various positions can vary dramatically. There are examples of $500,000 chairs, and $1.5 million professorships in the analyses below. Perhaps worst of all, it is possible that some of the

positions analyzed below are not fully funded (we asked for existing chairs, but this is subject to interpretation).

Second, the data includes endowed positions, meaning professorships as well as chairs. Some professorships may be the equal of some chairs in terms of financial backing, involvement with a research center, or status within the school.

Third, following Vesper and Kierulff, endowed positions are included when either it is related to entrepreneurship (Vesper and Kierulff give the areas of entrepreneurship, small business, and free enterprise, to which I have added family business) OR it is held by someone who is strongly related to the field of entrepreneurship through research or education (e.g., Andy Van de Ven of Minnesota, Arnold Cooper of Purdue).

In the future perhaps the best way of deciding who should be included in the list would be based on a three-level analysis suggested by Frank Hoy of Georgia State. The first level, used in this study, is self-recognition by the position holder, either directly or through publications submitted by the position holder or through organizational memberships held. The remaining two levels would reflect more of a stakeholder-analytic approach. In this, the second level of assessment might be the Dean of the appropriate school, and other relevant academic decision makers such as college or university vice-presidents of development or research. The third level would seek the input of those who fund endowed positions to identify what areas they thought the position would address. Users of this analysis should understand that the underlying data was not cross validated using stakeholder assessments.

ANALYSIS 1: THE GROWTH OF ENDOWED POSITIONS

From virtually no schools teaching entrepreneurship 20 years ago, the recent survey by the SBA found over 400 universities, 4-year and 2-year colleges teaching entrepreneurship. The growth of endowed positions in entrepreneurship and related fields has surpassed the expectations of most of the people in the field. The analysis identified nearly 100 chairs in 68 schools. Virtually all the chairs are in universities or 4-year colleges. The schools were asked for the starting date of the endowed position. Based on incomplete information (48 of 93 positions), the growth in the late 1980's has been astounding. Below is a plot of the 48 endowed position start-ups. Where in 1976 one position existed in this subsample, by 1981 eight positions existed, growing to 22 by 1986, and more than doubling to 48 just two years later (see Figure 1).

Evident from a review of the analysis is the concentration of endowed positions at some schools. For much of its history as an academic discipline, entrepreneurship and related topics were taught in most schools by one full-time faculty member, usually supported by one or more part-time adjunct faculty. In such settings, achieving a critical mass of academics interested and working in entrepreneurship topics has been unlikely. With the growth of endowed positions, a number of schools are structuring two or more people who will be devoting full-time study to entrepreneurship or its related fields. What also becomes possible is the catalytic and organizing efforts of multiple endowed faculty to bring together and support with contacts and tangible resources other faculty from across the campus interested in entrepreneurship. The potential benefits of such efforts can be seen in the work of the cross-campus organizational behavior group at Stanford.

The concentration of endowed positions is notable. Eleven schools of the 68 report two or more endowed positions in entrepreneurship. These are given in Table 1.

What these universities hold is a potential for major contribution to the field of entrepreneurship. This can occur from the presence of a critical mass for intellectual work, or even from a straightforward pooling of substantial financial resources. These positions include the best endowed of those on the list (see Analysis 2: Known Endowments), as well as some of the most prestigious schools offering entrepreneurship programs. It is worth considering if the schools with multiple endowed positions can organize themselves to make an even greater contribution to the field in general.

ANALYSIS 2: KNOWN ENDOWMENTS

Of all the information sought on endowed positions, the hardest to obtain was financial information. Sources for this information include reports from the schools, public announcements, and listings in the newsletters mentioned above. In a surprising number of instances, respondents contacted directly were not sure of the amount of the endowment. There are a number of reasons for this beside the obvious desire for pay secrecy. Reasons given include:

Additional funding has been promised, but the exact amount is unknown.

Funding includes an inflation adjustment. While the base amount is known, the exact amount for the prior year is not known.

Funding originally promised was to be paid in installments, and one or more installments are either behind schedule, or will not be paid.

Funding originally promised for a chair or professorship has been rerouted to other purposes by the school.

Endowment money is supplemented with funds from the general operating funds of the school, so that in practice the pay is larger than the endowment would indicate.

Endowment money comes from general endowment funds of the university or the state, so that no particular amount of endowment is earmarked for the position, but a particular salary is paid from endowment funds.

The major question even with known endowment amount is the return the university gets on their money. In the group below, rates of return range from 4% to 8%-plus. Knowledge about endowment returns was even sketchier than about endowment amounts, and should be treated with extreme uncertainty.

Babson College, Hamilton Chair - $1 million

Belmont College, Moensch Visiting Professorship - $150,000

Beloit College, Coleman/Fannie May Candies Chair - $1 million

DePaul University, Coleman/Fannie May Candies Chair - $1 million

Fairleigh Dickenson, Rothman Professorship - $1 million

Georgia State, Private Enterprise Chair - $1 million

Georgia State, Zwerner Professorship - $500,000

Harvard, Dimitri V. d'Arbeloff MBA Class of 1955 Professor of Business - $1.5 million

Harvard, MBA Class of 1954 Visiting Professor of Business Administration - $1.5 million

Harvard, MBA Class of 1960 Professor of Business Administration - $1.5 million

Harvard, MBA Class of 1961 Visiting Professorship - $1.5 million

Harvard, Serafim-Rock Chair in Entrepreneurship - $1.5 million

H.E.C. (Canada), Hunter Chair - $500,000

Louisiana State University, Saurage Chair - $1 million

Marquette University, Coleman/Fannie May Candies Chair - $1 million

Northwestern, Levy - $1 million

University of Cincinnati, Goering (?) - $500,000

University of Illinois at Chicago, Thorne Chair - $1 million

University of Iowa, Pioneer Hi-Bred Chair - $500,000

University of Southern California, deBell Professorship - $500,000

University of Southern California, Simonson Chair - $1.2 million

University of Texas, Professorships - $100,000; Professorships - $500,000 - $1 million

CONCLUSIONS

Chair counts or endowed positions counts, like counts of Olympic medals, probably tell more about the person seeking the count than about the people or medals or chairs which make up the count. Still, the count serves a symbolic purpose as a simplified yardstick for the growth of the field. This analysis details 93 positions. Of these, 49 are chairs and 42 are professorships. Two positions were given as "either." Of the 93, four are outside the United

States, and this may represent a major underidentification. As of April 15, 1989, 14 chairs and 9 professorships are open.

Based on data on 49 of 93 positions, the median endowment for a professorship is $325,000 (range $100,000 to $1.5 million) and for a chair it is $1 million (range $500,000 to $1.5 million). A rough extrapolation for the 91 specified positions using these numbers would suggest a total endowment of $13,650,000 for professorships, and $49,000,000 for the chairs. The broadly defined field taken as a whole would boast an estimated endowment of $62,650,000. These numbers should be viewed as **speculative** given the size and type of sample reporting figures.

While the number taken by itself sounds impressive, it suggests an average endowment of $688,461. Using 5.5% as the median return on endowment investments, chair holders are receiving $55,000 a year on average from the endowment, while professorship holders receive only $17,875 on average. Given these numbers Harvard's suggestion that all new chairs or professorships be funded with at least $2.5 million makes reasonable sense. It should also be noted that very few chairs have any provision for cost-of-living adjustments. As a result, a number of the chair holders have their endowment income supplemented by school operating funds.

Buying power problems notwithstanding, the growth of endowed positions in entrepreneurship and related fields suggests the short term vitality and long term viability of the field in academia. Today financially the largest part of the academic infrastructure of entrepreneurship is tied up in these endowed positions. The existence of these positions in 64 colleges and universities across America and four schools in other lands demonstrates the growth and diffusion of the idea of entrepreneurship as an academic discipline. These positions will structure a permanent place for entrepreneurship education, research and service in business schools of all statuses in all areas of America.

It is likely that the growth in the number of entrepreneurship related endowed positions will continued at a fast pace for a number of year more. Figure one suggests that endowed position growth lags somewhat behind the growth of the entrepreneurial sector of the economy. Given the realities of endowment sizes, returns on the marketplace to get additional endowment funding to remain capable of attracting high-quality faculty.

Another factor to recognize is the acceptance of entrepreneurship and related fields within business schools. Endowed position s can be found in Ivy League schools such as Harvard, Dartmouth, Pennsylvania, Yale and Cornell, in major public universities such as Purdue, Wisconsin, Virginia, Texas and Minnesota, and in top private schools such as Carnegie-Mellon, Baylor, Northwestern and USC. In effect, most of the top rated business schools in the nation have one or more endowed positions in entrepreneurship. Since the vast majority of these positions are endowed by business people, and the rate of creation is growing, it is clear that the field of entrepreneurship is being legitimized nationally by business schools and their external stakeholders.

The very speed of the growth of endowed positions holds some interesting prospects. With approximately one-quarter of the positions unfilled, and the rate of growth in new positions at a high rate, a shortage of faculty qualified for endowed positions is likely for the immediate future. Some innovative approaches to resolving this are already being tried, such as using accomplished entrepreneurs without business Ph.D.'s to take endowed positions. In other cases, traditional business faculty have undertaken, or have been approached by schools and asked to undertake, some career redirection to become more involved in particular types of entrepreneurship issues in order to qualify for available positions.

If the population of entrepreneurs is considered, it is also evident that collectively the holders of endowed positions under-represent important subgroups in the entrepreneurial community. There are few positions oriented toward family businesses, although most firms are such. No positions focusing on minority enterprise or women-owned enterprises were apparent in performing the survey. Although the most numerous single type of enterprise is a farm, agribusiness positions are very few. Despite the tremendous interest that high-technology generates in the entrepreneurial, financial, government, and media communities, few positions focus on that type of entrepreneurship. This under-representation holds considerable promise as a means of distinguishing one endowed position (and school) from another, as a means of targeting where new endowed positions should be developed (e.g., engineering schools, women's colleges), or the type of interests or people who should be sought after more actively to balance the field and better represent and relate to the entrepreneurial environment.

On balance, the collection of endowed positions should inspire confidence in the development and future of the broad field on entrepreneurship. There are endowed positions throughout the country and even overseas. Endowed positions can be found in virtually every type of 4-year college and university, including the most prestigious business schools in America. The rate of emergence of new positions appears to be growing. Acceptance of entrepreneurship among business people and schools of business is evident by the existence and prominence of these endowed top-level professorships in chairs. If endowed positions are the "Olympic medals" of academe, then the field of entrepreneurship can justifiably view itself as a winning discipline.

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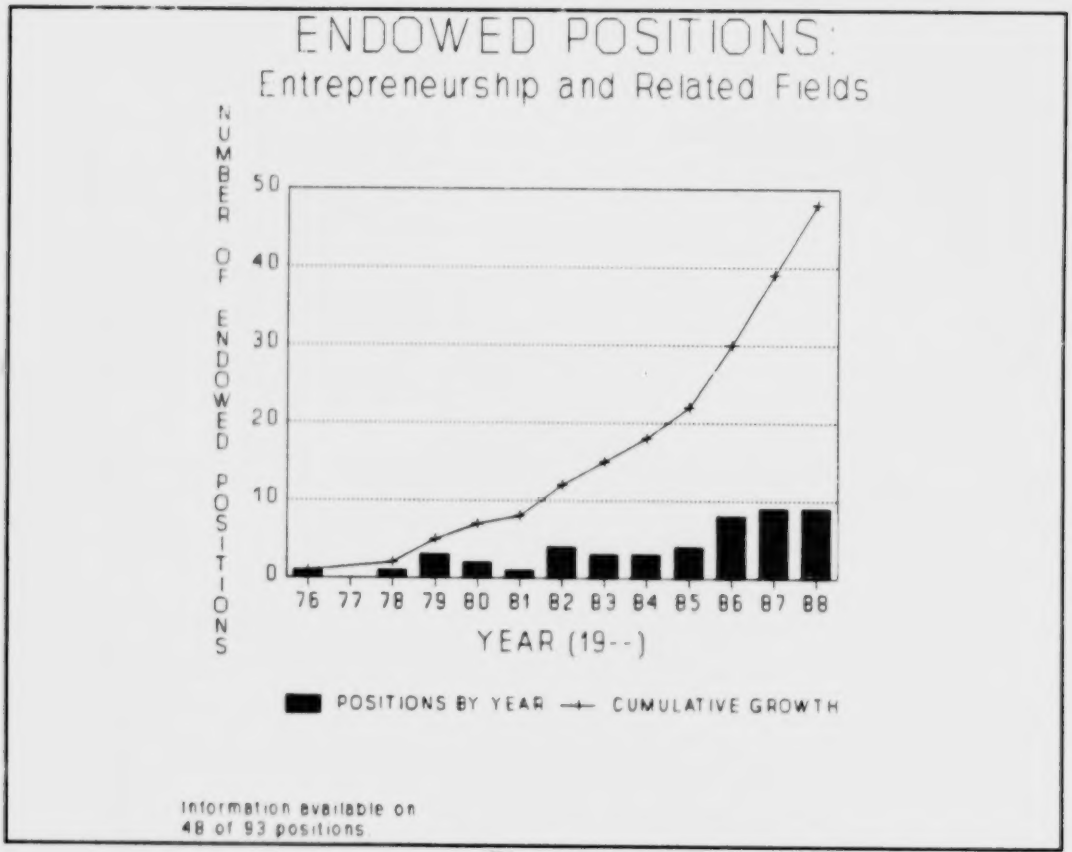

Figure 1

Table 1

UNIVERSITIES REPORTING MULTIPLE ENDOWED POSITIONS

UNIVERSITY	NUMBER
Baylor	6
Harvard	5
University of Texas at Austin	5
University of Pennsylvania	4
Babson	2
Georgia State	2
James Madison	2
University of Minnesota - Twin Cities	2
University of Southern California	2
University of Tennessee, Chattanooga	2
University of Virginia	2

ENTREPRENEURIAL LOAN REQUEST IMAGE VARIABLES AS PERCEIVED BY BANKERS AND ENTREPRENEURS

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ABSTRACT

This paper examines the image entrepreneurs present to bankers concerning their preparedness to borrow funds. The image is studied comparing assessments by bankers and entrepreneurs themselves. The findings indicate that bankers and entrepreneurs generally agree with each other on the preparedness of entrepreneurs concerning marketing variables, generally disagree on their preparedness concerning management variables, and have mixed agreement and disagreement on loan negotiation variables depending upon the specific variable being considered.

INTRODUCTION

Entrepreneurs and bankers are groups with divergent goals and attitudes, yet inextricably linked by a need to work together. Entrepreneurs accept a level of risk. They often would prefer not to finance their operations with debt. However, cash flow demands during start-up and operation often make it necessary to borrow. Bankers are risk averse and shy away from speculative types of loans. Yet, in order to earn a reasonable return for their stockholders, and to diversify their portfolio, they need commercial loans. The quandary that these unlikely partners find themselves in may well be reflected in the different ways in which each see the entrepreneur and the risk associated with their transactions.

A clearer understanding of the relationship that exists between lenders and entrepreneurial borrowers would appear to benefit both parties. To the entrepreneur, banks are an important link to funds. If they do not directly supply needed funds, many bankers can serve as a reference to potential venture capitalists. To the banker, new small businesses represent a potentially profitable market that is not fully tapped today.

It is the purpose of this paper therefore, to study the image entrepreneurs present to bankers concerning their preparedness to borrow funds from a bank. This image study measures marketing, management, and loan negotiation variables related to the proposed loan transaction. It is hoped that by knowing how similar or divergent their views of the borrowing entrepreneur are, both bankers and entrepreneurs will be better able to market themselves to each other.

CONCEPTUAL BACKGROUND

Personality inventories and studies of entrepreneurs are numerous. While the intent in this paper is not to delineate the entire review of such variables here [see: (2) (3)] these studies do establish the credibility of behavioral work in the field. Further, they suggest where differences in personality and behavior may separate the entrepreneur from the general population and corporate management. They also suggest that these variables play a significant role in entrepreneurial success (10). These studies do not however, establish the perceptions of others concerning entrepreneurs and detail the role these perceptions play when dealing with the entrepreneur.

The U.S. Government (21) points out that banks provide up to 90 percent of small business short-term financing and 80 percent of their overall credit needs. But, it also quickly points out that these figures exclude start-up capital. While in West Germany 44.9 percent of that country's venture capital funds now come from banks (11). Dunkelberg and Scott (7) state that small business represents a profitable market that has not been fully exploited by banks. Rose (17) anticipates that interstate banking "should increase the supply, and possibly lower the cost of bank financing for small firms."

Articles in bank industry publications continuously call for institutions to become more active in all phases of new ventures--establishing SBIC's with start-up capital potential (22) (4) (9) and through more loans for small business operations and expansion (13) (5) (15). But, most of what is published today make practical suggestions of "what" to do and/or not to do when seeking loans (8) (12) (16) (1), or tell banks seeking to stimulate their commercial loan business "how to" do it (5) (19) (13).

It appears that loan officers frequently use risk related factors when processing small business loan requests. Ulrich and Arlow (20) identified four main factors that underlie a typical loan officer decision. Three of these were risk-related and one cost-related. While at the same time Samuelson, (18) argues that bankers too frequently use inappropriate risk assessments when evaluating loan requests by small businesses. Instead, he suggests that bankers inspect the businesses, follow typical business transactions, evaluate the people involved in the management, and adjust financial ratios when they are used for comparison.

In an effort to inform the banking industry how they were viewed by small businesses, Dunkelberg and Scott (7) reported the results of the 1980 and '82 NFIB (National Federation of Independent Business) surveys of the banking relationships desired by small business owners. They pointed out that the most frequently rated characteristic as "very important" was finding a bank that "knows you and your business," followed by "reliable source of credit." "Offers the cheapest money" was the third most important characteristic, pointing out that interest rates are not the prime characteristic small business persons and entrepreneurs look for. In terms of performance, rural banks were noted to receive higher ratings on most characteristics than did small city, city, and metropolitan banks. Significantly higher "good" ratings were given to rural banks on the two important variables of "knows you and your business" and "reliable source of credit." Differences in ratings were also noted between unit banks and statewide banks.

In 1986, Montagno, Kuratko, and Scarcella (14) surveyed banker's and small business owner's attitudes on what constitutes personal characteristics for entrepreneurial success. There was general agreement among the groups that oral communication and listening (communication characteristics), problem analysis and planning (business process characteristics), and self-motivation and determination (personal characteristics) were of leading importance. Each of these six items were in both group's top ten ratings. The largest perceptual differences however, were found on: confidence, caring, insight, leadership, organizing, encouragement, innovation, staffing, achievement orientations, delegation, and organizational sensitivity. Confidence, caring, and insight were ranked in the small business owners top ten characteristics, but were much lower in the banker's opinions. The author's conclusions were that entrepreneurs place more importance on less measurable characteristics than do bank loan officers and that entrepreneurs need to concentrate on those items bank officers perceive as important. Bank loan officers should also evaluate whether they are looking at the right characteristics that lead to entrepreneurial success.

The research described here continues the concept of characteristic assessment begun by Montagno, Kuratko, and Scarcella (14). In this study, bankers and entrepreneurs evaluate the image variables entrepreneurs engender when making loan requests. It is thought that these variables likely affect this critical relationship.

METHOD

A census with 21 banks responding and 31 randomly selected small business entrepreneurs were studied from a region comprising approximately one-third of a midwestern state. The banks were located in areas where numerous small business operations were located. Table 1 provides summary demographic data of the entrepreneur/small business owners and bank/loan officers. Banks and entrepreneurs were screened for prior experiential instances. Banks were screened to insure "commercial loans" had been made for start-up or operating expenses to entrepreneurs. Entrepreneurs were screened to insure they had made a request for such a loan and for working in a one-to-one situations with a loan officer--the success of their loan negotiation notwithstanding.

Questionnaires were administered separately to loan officers and entrepreneurs as part of personal interviews. The questionnaires included variables relating to marketing, general business management, and loan negotiation. Each of these areas have been identified in management, financial, or business plan literature as relevant to seeking funds for start-up capital or operations. Each of the variables were couched in a statement illustrating behavior, and were measured on a seven point Likert style scale.

Testing for differences between banker's and entrepreneur's image ratings was made by t-tests.

RESULTS AND DISCUSSION

Figure 1 provides a profile of banker versus entrepreneur perceptions of each entrepreneurial variable. It displays the mean ratings for each item and denotes on which statements significant differences occur. Table 2 provides a detailed summary of the t-test results for each statement and the levels of significant differences.

Marketing Variables

In terms of image variables related to marketing, there appears to be general agreement among the bankers and entrepreneurs. Four of the six statements show surprisingly similar opinions. Bankers and entrepreneurs agree that entrepreneurs tend not to conduct market research. Instead, they rely on their "feel" of the marketplace, and when research is conducted, it is often interpreted in a biased way. These findings are similar to Davis (6) who found that technological entrepreneurs display a poor level of marketing understanding in their business plans. It is logical to assume that when research is conducted and reported in a biased view, that it is interpreted in a light that will make the loan applications more feasible. Further, this finding raises questions about the entrepreneur's perception of the typical banker's level of competency in marketing information and its proper applications. Is it truly an attempt to bluff the banker?

There are two issues where significant differences occur--international considerations and likelihood of providing a marketing strategy. Both bankers and entrepreneurs agree that entrepreneurs fail to consider international markets for their products, the difference is over the strength of that belief. This difference could perhaps be explained by the degree of formality in making international considerations. Bankers might like such considerations incorporated into the formal materials which are presented to them, while entrepreneurs tend to concentrate on the immediate market with the international arena relegated to the "back of their minds" and/or expansion plans.

The fact that bankers and entrepreneurs disagree over the provision of a marketing strategy is made even more important when the fact that they are on opposite sides of the scale in their beliefs. If a scale value of four is the midpoint or neutral value between definitely yes and no, then entrepreneurs appear to think they usually provide a marketing strategy, while bankers do not. One could argue that bankers do not need to know marketing strategy for a loan request, but it must be remembered that bankers provide capital and bridges to outside capital for operations guided by what ever strategy is in place. Again, this rating by the entrepreneurs may reflect their assessment of the level of marketing competency bankers possess.

Management Variables

Unlike the marketing variables, there appears very little agreement among bankers and entrepreneurs when assessing the image of entrepreneurs as managers. There was disagreement on every item except "likely to adopt strategic long-term management approach." And on that issue, both groups believed entrepreneurs failed to make such long-term considerations. This result may well be a reflection of the belief that most loan requests are considered short-term--to get the business over "the hump." If this view of the loan were true, again the necessity for long-term strategy presentation likely would be viewed as unnecessary by the entrepreneur.

There exists a highly significant difference as to whether entrepreneurs are good managers. Both groups said they were good, but to very different degrees. Entrepreneurs obviously believe in themselves much more than do bankers. Of course, the conclusion that entrepreneurs are self-assured individuals is well-founded in the literature.

Although the differences are not rated as significant on the other items, they are important because again the bankers and entrepreneurial perceptions fall on opposite sides of the scale midpoint. Bankers believe entrepreneurs are overly concerned about their competition, while entrepreneurs do not think they are. Entrepreneurs think they are on the whole, realistic about their chances for success, while bankers think they are not. The ratings on these issues may signal the confidence that entrepreneurs have about themselves and their ability to compete or the banker's lack of confidence.

Loan Negotiation Variables

The image of entrepreneurs on making loan requests is mixed. Bankers and entrepreneurs agree that entrepreneurs usually do not overestimate the amount of money they need. It appears that their requests are considered reasonable in quantity. When this result is coupled with agreement on the entrepreneur being a welcome customer of the bank, it characterizes their financial relationship as pointed out in the earlier literature review. Bankers know that commercial loans are important and entrepreneurs will at times need loans, therefore bankers are necessary to success.

Significant differences occur in the assessments of how demanding entrepreneurs are and whether or not they are perceived as good credit risks. The entrepreneurial image to bankers is one of a demanding customer. On the other hand, entrepreneurs think they are much less demanding. These views may well reflect their perceptions of "power" in the loan negotiation transaction. Bankers may

not be willing to give up their power, and the entrepreneur may view himself with significantly less negotiating power.

A large significant difference is found in the perceptions of entrepreneurial credit risks. Bankers think they are less of a sound risk, while entrepreneurs think they definitely are a sound risk. The entrepreneur's rating on this item was the strongest on the entire questionnaire. Such a rating could reflect frustration with the typical entrepreneurial image or in their negotiations with bankers. The differences in their ratings must reflect the confidence of the entrepreneur and their willingness to accept some risk versus the banker who is basically perceived as risk averse and unwilling to become a partner to what they consider as speculative loans.

CONCLUSIONS

In summary, their appears to be general agreement on the marketing image of entrepreneurs, general disagreement as to the management abilities of entrepreneurs, and confusion concerning the relative roles and criteria used in loan negotiations. Perhaps the most telling finding is the difference relating to credit risk. Entrepreneurs obviously feel they are good risks for banks even though they agree that they use less than perfect assessments of the market and really could provide better insight into their marketing and management strategies. Bankers, by the same token, rate entrepreneurs as decent managers (less so than do entrepreneurs themselves), but may use the same arguments--poor market assessments and strategists--to consider entrepreneurs as poor credit risks. While the image of entrepreneurs converges on certain points, it diverges on sufficient and critical points to make each group come to a very different conclusion as to whether or not entrepreneurs are sound credit customers.

The results of this study suggest several areas for future research. First, a larger based image study needs to be conducted on a wider scale to overcome some of the limitations of this study. More banks and businesses covering a larger geographic region would provide a greater degree of confidence in generalizing these results. Second, entrepreneurs should be studied to determine their perception of how competent bankers are about marketing. Some of the marketing information that is not included in the loan request may well be reflected in the diverging perceptions of entrepreneurs as good credit risks. Lastly, the whole loan negotiation process needs to be studied to determine where the friction points are and what are the expectations of each party involved in the negotiation. The literature on "power" variables may provide a background for such research.

In conclusion, the personality literature surrounding entrepreneurs has converged on a set of generally agreed upon variables. It is time to take those variables and look at their generalizability into specific situations. It is time to study the situation impact upon entrepreneurial behavior and the entrepreneur's impact upon situations. Financial relationships are critical to entrepreneurs and banks are a supplier of such financial resources. This study has tried to make some progress in exploring the interactions of such variables in an actual business transaction.

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TABLE 1
Respondent Characteristics

ENTREPRENEUR/BUSINESS CHARACTERISTICS

Entrepreneur:

Began present business = 77%
Present business is first business ever begun = 71%
Gender: Male = 81% Female = 19%

Business:

Average number of employees = 14
Average gross sales in the previous year = $598,206
Average loan amounts = $140,919
Have received a commercial bank loan (not start-up) = 77%
Have received a loan from source other than a bank = 40%
Have received a start-up loan from a bank = 45%
Have received a SBA loan = 10%
Have received loans from other government sources = 3%

BANK CHARACTERISTICS

Loan Officer Respondents:

Average length of employment = 8 years
Gender: Male = 81% Female = 19%

Bank:

Average number of years in operation = 49
Certified SBA lender = 62%
Average number of employees who work with small business loans = 4
Average annual gross amount of small business loans = $4,725,333
Percentage of total loans disbursed that are small business loans = 19%

FIGURE 1

Banker and Entrepreneur Image Variable Profile

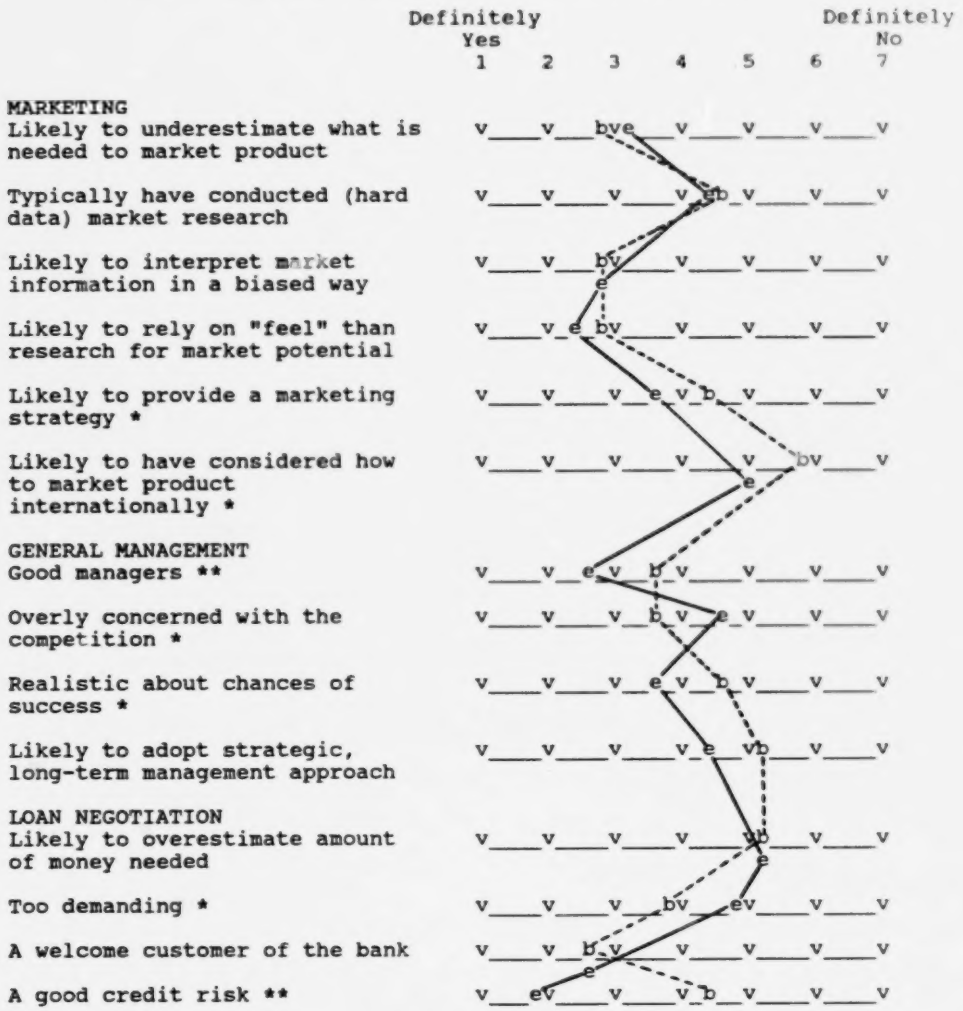
Definitely Yes
Definitely No
1 2 3 4 5 6 7
MARKETING
Likely to underestimate what is needed to market product
Typically have conducted (hard data) market research
Likely to interpret market information in a biased way
Likely to rely on "feel" than research for market potential
Likely to provide a marketing strategy *
Likely to have considered how to market product internationally *
GENERAL MANAGEMENT
Good managers **
Overly concerned with the competition *
Realistic about chances of success *
Likely to adopt strategic, long-term management approach
LOAN NEGOTIATION
Likely to overestimate amount of money needed
Too demanding *
A welcome customer of the bank
A good credit risk **
b = banker's mean response
e = entrepreneur's mean response
* p=.05
** p=.01

Figure 1. Banker and Entrepreneur Image Variable Profile

TABLE 2
Banker and Entrepreneur Image Variable Ratings

	Mean Banker Ratings	Mean Entrep. Ratings	T Score	Diff.
MARKETING				
Likely to underestimate what is needed to market product	2.90	3.19	0.71	NSD
Typically have conducted (hard data) market research	4.86	4.48	0.84	NSD
Likely to interpret market information in a biased way	2.95	2.83	0.32	NSD
Likely to rely on "feel" than research for market potential	2.86	2.48	1.02	NSD
Likely to provide a marketing strategy	4.48	3.58	2.07	.04
Likely to have considered how to market product internationally	5.90	5.00	2.26	.03
GENERAL MANAGEMENT				
Good managers	3.67	2.55	4.01	.0001
Overly concerned with the competition	4.71	3.68	2.31	.03
Realistic about chances of success	4.67	3.52	2.50	.02
Likely to adopt strategic, long-term management approach	5.10	4.35	1.93	NSD
LOAN NEGOTIATION				
Likely to overestimate amount of money needed	5.10	5.23	0.29	NSD
Too demanding	3.90	4.90	2.27	.03
A welcome customer of the bank	2.81	2.74	.15	NSD
A good credit risk	4.33	1.81	8.90	.0001

ENTREPRENEURSHIP EDUCATION AND MICROBUSINESS DEVELOPMENT AS PART OF A COMMUNITY REVITALIZATION PROGRAM EXEMPLIFIED BY "THE NEW BUSINESS FOR CHESTER PROJECT"

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ABSTRACT

The New Business for Chester Project, the entrepreneurial training section, of a five part revitalization effort in the highly depressed City of Chester, PA was designed through feedback from the community and interested participants to start six successful businesses from a program of training, funding and ongoing support.

INTRODUCTION

Entrepreneurship education, neighborhood revitalization, and economic development are concepts that have received a great deal of attention and have been written about extensively in recent years. In some cases, these concepts have been linked.

In this paper we describe an experiment in educating entrepreneurs as the basis of creating small business development linked to the revitalization of a distressed community. Our focus has been different from the approach of others, namely, entrepreneurship education as a basis for neighborhood revitalization and community development. Further, our experience in entrepreneurship education is with a segment of the population that has little in common with the demographics and attributes of groups that are the subject of most studies of entrepreneurial education. Thus the issues are very different with respect to the approach to the traditional view of the entrepreneur.

Our experience is based on a project designed to develop new business in a depressed community through an entrepreneurship training and development program. This project is a joint effort of the RDC Institute, Widener University, and Delaware County Community College and is funded by the Pew Charitable Trusts of Philadelphia, Pennsylvania. It is focused on the redevelopment of the East Side of Chester, Pennsylvania, and is based on the belief that the establishment of new businesses will aid in the revitalization of this area and help reverse a trend which has reflected continuing decay and economic decline for the past twenty years.

We found that the factors that shaped the success of this project were not those that were incorporated in the original project design. Accommodating these influences during the development of the project provided us with some new insights into the process of training and development of potential entrepreneurs.

Among the things we learned were:

- A typical approach to teaching was inappropriate to this population and a rolling format was more in line with the needs of the group. The term "rolling" was taken from the admission policy of some colleges and universities. To us it means that we will address the needs of each student and allow them to enter the program at any time. They progress at a rate that is consistent with the stage of their own personal and educational development.

- The participants did not share the typical characteristics of entrepreneurship such as independence and risk taking, but instead required more group sharing and participation as part of their experience.

- This group was not typical of the entrepreneurs that are singled out in studies and publications on this subject. They required more coaching and self development than the more traditional profile of the entrepreneurial student and they seem to thrive on, if not require, group interaction and support.

- The growth and development of the participants was not simply focused on their future as entrepreneurs, but equally on their personal growth. Thus, many life function skills were included in the program. Starting their own business was not

simply an investment of their time and capital, but represented a change in their lifestyles and required a new appreciation of their own talents.

The rest of this report is a description of our experience with this program and how we believe some of the things which we learned should be incorporated in programs that are planned with a similar thrust and focus.

THE NEW BUSINESS FOR CHESTER PROJECT

The New Business for Chester Project was part of a five component program to stimulate the redevelopment of the east side area in the City of Chester, PA one of the most depressed cities in the United States. The other parts of the program consisted of Block Beautification, a Food Co-op, A Neighborhood Housing Service and a Housing Co-op Program.

The project, initially called the Entrepreneurial Training Program, was renamed the New Business for Chester Project and coordinated by the RDC Institute, a non-profit economic development organization. Additional support was provided by Widener University and the Delaware County Community College. The project was funded through a $100,000 grant from the Pew Charitable Trusts, one of the largest foundations in the Philadelphia area. The objective of the project was to start six successful businesses in the east side of Chester and thus stimulate revitalization of the area.

The organizations participating in the program were aware that various programs had been attempted before with only marginal success. The previous programs consisted of funding provided to start new businesses, as well as training programs to train people to start new businesses. This program was designed to incorporate the elements of several programs under one umbrella organization which consisted of a coordinating committee made up of representatives from the three participating organizations. It was felt that past programs had not been successful because of their approach and design.

The first six months were therefore spent designing and developing an understanding of the area in which the program was going to be held. In the planning stages of the program, meetings were held with various organizations from the community at locations in the community. In addition, group meetings were held where the types of training and services to be provided were discussed. When the basic outline for the project was developed it was advertised and discussed at a number of meetings attended by those expressing interest in participating. It was decided that the project should contain the following elements:

A series of weekly seminars on subjects important to those starting and operating successful businesses with and the Small Business Handbook used as the basic information guide for these seminars.

The seminars were divided into the basic areas of:

Making the Decision
Business Foundations
Developing a Business Plan
Improving Operations
The Future of Your Business

* Other programs to be considered for presentation in conjunction with the above were as follows:

- Development of life, leadership and communication skills.

- Use of a computer and potential benefit to the small business owner.

- Tours of small businesses in the area followed by discussion of why they are successful or unsuccessful.

- Presentation of various video topics relating to starting and operating a small business.

* Assistance, on an individual basis, was provided in the preparation of a business plan as well as the completion of the forms required in obtaining funding from area banks and economic development organizations.

The businesses that come out of the program would be evaluated not only on their feasibility as a business but also if the potential success of this business appeared to be high for the area in which it was to be located. Once the business plan was completed it was to be reviewed by the coordinating committee of the project if approved a small amount of seed funding would be provided from the original grant. This funding, which came from $30,000 of the grant, was loaned in $5,000 amounts on terms of three percent interest with the first payment not required for a year after the loan was made. In conjunction with this funding the individuals would be assisted in completing applications to area economic development organizations as well as private banking institutions. To facilitate obtaining

bank loans, meetings were held with various bank representatives in the area. After the businesses were started, an ongoing support network was to be established consisting of participants, representatives of organizations of the project, consultants, and, other successful business persons in the area.

It was our intent that the basic program committee would be very sensitive to and very flexible in changing the program if the feedback received from the participants indicated that changes would enhance its success rate. Because of the structure of this program it is important to understand who the individuals were that participated on the coordinating committee and what their backgrounds and responsibilities in the program were. It is felt that this had much to do with the initial success of the program.

The head of the coordinating committee was Larry K. Turnbull, Finance Director of the RDC Institute Inc., a private non-profit economic development organization, located in Delaware County, PA. As Finance Director he provided assistance to entrepreneurs in developing business plans, preparing documents required for obtaining funding, and providing value added management assistance in starting their businesses. In addition to this, his expertise was derived from approximately 20 years of experience assisting in starting and managing businesses in various industries. The other members of the coordinating committee consisted of William Payne, Planning Director of the RDC Institute, the former Planning Director of Delaware County, PA with experience in real estate development as well. Mr. Payne had the ability to perform in-depth studies in the areas where the businesses were to be started. John Meli, Dean of the Management School of Widener University, had operated an entrepreneurial training program for Widener University a number of years before. He had lived in the Chester area, and thus had in-depth knowledge as to the history of the area and had contacts in the private as well as the public and the university sectors. A. Douglas Bender, Professor at Widener University and the instructor for the first set of training programs, was also on the committee. Professor Bender provided the in-depth consulting support to the program and had the personal skills required to identify readily with the participants and to assist them in understanding the areas in which they needed to gain additional knowledge. Carl Russell, President and CEO of RDC Institute, provided in-depth economic development experience from his 20 years of work with various economic development organizations on the east coast. Having participated in a number of economic development programs, he provided a dimension in regards to the perception of how the total program was being operated and provided the perspective of whether the project was progressing on a sound basis.

The program was designed in such a way as to be sensitive to a number of issues and to present certain criteria so that only the most motivated individuals would participate in the program. First, at the informational meetings held in the summer of 1987, it was pointed out that the funding would not be provided until a business plan had been completed and participants had completed at least the first 18 week training course. Therefore, those who wished to participate needed to have the perseverance and the time necessary to meet these requirements. Secondly, as the training programs were started in September 1987, the instructors and members of the coordinating committee, which attended the meetings, were sensitive to the interaction of the group. Because of this sensitivity to feedback received from the participants, the program was developed into what was called a "rolling" style instructional program where the issues discussed, and the interaction of the group was stimulated by the topics generated at each evening class. This was found to be one of the reasons for the high success ratio of the program because the participants developed a support group which had knowledge of each other and whose interaction with each other enhanced the success potential of each business being started.

This interaction became more and more important as the first set of classes progressed. People attending the classes had worked for various types of businesses over the years and had developed what could be called a street-wise concept of how to survive in business in a community with a declining economy. The way the class was structured and the sensitivity of the instructors allowed optimum value to be received from the street-wise knowledge of the individual participants. Conversations and discussions within the class, which many times became heated, allowed all of the participants to get full value from learning from others and their knowledge. The importance of this sensitivity cannot be over rated. One of the problems with many training classes and programs which provide developmental funding in depressed areas is the wall or barrier which is placed between those coordinating and participating in the program and those that are attending the classes.

The first class was held from September through December 1987, and approximately 20 participants

started with the program and 15 continued to the end. This first class, was concluded with a graduation ceremony where graduation certificates were presented to each of the individuals. The ceremony was held with a dinner attended by area representatives as well as the families of the participants who completed the course. Because the design of the project emphasized feedback, all those that participated in the training classes as well as organizations in the community were requested to assist in planning the next phase of the program. A meeting was held in January where the individuals that participated in the fall of 1987 were asked for their recommendations as to how the project should be conducted in the spring of 1988. These recommendations resulted in a change of how the program was designed. The weekly class format was retained, however, the length of the classes was changed to 2 hours with the first hour consisting of a group made up of the participants of the prior training courses as well as any new participants in the program. This allowed the new participants to take advantage of the interaction and mutual respect that had developed by the initial group of participants. The second hour the two groups were split. The prior participants were provided training in more difficult subject matter while the new participants attended the motivational information exchange and basic technical training sessions. Approximately 30 new participants joined the spring program which ran for eighteen weeks, 22 of which continued through the end. Approximately 10 of the old participants continued to participate and 8 continued through the end of the sessions.

Weekly sessions were again conducted as indicated from February through May. At the end of this program, graduation ceremonies were again held with certificates being presented to the new participants as well as the participants that had been involved in the program for two years. The new participants were given Entrepreneurial Management Certificates and those completing both courses were given Business Plan Certificates. A dinner similar to the previous one was held with the press in attendance. We feel that this type of recognition and publicity received by the participants was another important aspect of the program.

Listed below are the statistical details of the project as of May, 1989.

	FALL-87	SPRING-88	TOTAL
Participants	19	28	47
Number From Chester, PA	15	25	40
Businesses Started	05	--	05
Businesses About To Start	01	--	01
Funding Provided	03	02	05

TYPES OF BUSINESSES

Started

1. Frame Shop
2. Restaurant - Barbecue
3. Music Training
4. Restaurant - Non-Alcoholic Beverage
5. Importing and Sales of African Crafts
6. Garment Manufacturing

Other

1. Portrait Studio
2. Apartment Rental
3. Day Care Center
4. Photograph And Video Productions
5. Tax Preparation - Bookkeeping
6. Automobile Detailing
7. Hot Dog Stand
8. Janitorial Service

In July, 1988, an entrepreneurial consultant was hired to provide more intense direct support to the businesses in operation as well as those in process. Direct support was also provided by John Meli and Doug Bender of Widener University as well as Larry Turnbull and William Payne, of the RDC Institute. An additional aspect of this project is the assistance provided to existing businesses. Due to the credibility developed from the program at least five existing businesses have requested and received or are receiving assistance. This assistance would probably not have been requested if not for the New Business for Chester Project.

To date we have had over 50 individuals participate in some aspect of the project. We have the potential for starting, we feel, anywhere from 10 to 15 new businesses. The five new businesses to date - 1) Hudson, Barron and Jones, LTD - owned by a woman wishing to manufacture disposable garments for the hazardous waste industry; 2) Barbara Ann's Framework - a woman who started a framing shop; 3) Ernie's Place - a gentleman who started a

seafood and barbecue restaurant; 4) "All About Music" started by a woman to train grade school and high school students in the professional attributes as well as techniques of various types of music, and 5) Sierra Delco International, an import business being started by a lady having ties to Sierra Leone, South Africa. She is importing crafts, primarily masks, bags and belts to sell to specialty shops in the United States. Her business was opened and funded in January of 1989. Continuing one-on-one support is being provided to approximately 3 other businesses. The longest any business has been open is one and a half years. It is the frame shop and still doing well.

What was learned from this project.

1. The Participating Organizations

In this instance we had one private, non-profit economic development organization and two educational institutions - a university and a local community college. It was found that to manage a coordinating committee consisting of seven individuals was difficult at best and to coordinate the efforts from a physical and geographical location was also difficult. The community college was not close to where the project was being conducted which caused their interaction to be minimal. Therefore, it is important to identify the participating organizations, and their level of skills and interest, and if, in fact, are they located in a geographic area which will enhance their participation in the project.

2. Program Design

The program is one that can be used in future projects and refined to an even greater extent. There are a number of key elements in this.

A) Before the project is started it is important to analyze and get involved in the area where the project is targeted so that the community is understood. You must understand the players in the community and know what their expectations are and whether you can meet them.

B) Structure the program to make sure that the most highly motivated individuals in the area are the ones that initially come into the program. These can act as a base group as new individuals are brought in, but you must have the strongest base group possible. The way this can be done is by frank, honest discussions with community leaders as well as with individuals that have a true desire to start their own business.

C) The training sessions should not follow a typical institution training format. The objective is to get the individuals trained in the basic techniques of new business. To try to do this in a typical educational setting, with the type of group that we worked with would have been unsuccessful. It is also important to know the group well, and to identify with them quickly so that you can help them assist others in the class in learning what they already know. Therefore, the "rolling" format should be used as well as having a basic topic which you are going to present. This combined with having instructors that are sensitive enough so that if other topics come up that can be useful, the class moves to that area and works on it. The instructor, however, must be able to move the group on to the next topic of discussion when the current discussion is no longer useful.

D) When the particular individuals have progressed to the point where they are developing a business plan it is important to make sure that they understand what the implications are of the business they are starting. Do they, in fact, understand the projections, do they understand the forecast, do they understand the dollar amounts that may be involved in making the business a success? Many individuals may not ask questions. The instructor working with these individuals must therefore go through the questions that they should ask if they do not ask them. It is also important for the instructor to understand that if this individual should not go into this business, they should be counseled in that regard.

E) The last factor is that ongoing support must be provided to these businesses after they have been started. Many programs assume the objectives of the program have been met once the businesses have been started. This is an invalid assumption. Once the business has been started is when the actual work needs to begin. A formalized structure of human resources needs to be set up so that a constant line of communication is provided between the supporting organization as well as the business and the business owner or owners depending on how many are involved.

Conclusions drawn from this project as well as techniques to be used in future projects are as follows:

1. Evaluate the skills and interest of participating organizations and individuals to be sure optimum efforts will be received.

2. Learn the area the where program is to be conducted from grass roots level.

3. Structure the introduction to the program so that the most motivated individuals participate.

4. Use flexible "rolling format" style of instruction.

5. Be sensitive of group feedback in making program adjustments.

6. Address life as well as business skills required.

7. Encourage group interaction after as well as during classroom sessions.

8. Have available some low cost, early-stage funding for starting the businesses.

9. Structure the program so follow-up, ongoing support will be available for several years after classroom instruction has been completed.

10. Provide recognition to all participants for their accomplishments as they move through the program.

11. Be cognizant of outside influences which may be impacting the response of project participants.

ENVIRONMENTAL CONTACT SELECTION AS A FUNCTION OF THE SMALL BUSINESS OWNER'S DECISION STYLE

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ABSTRACT

This study investigated the effects of small business owner decision style on the search for external assistance information, community information, and competitor contact. Results confirmed the existence of decision style differences in utilizing external contacts. A conclusion is drawn that small business owners effectively use contacts for gathering operating information, but need to develop additional contacts regarding competitor activity.

INTRODUCTION

Obtaining information form sources external to the small business organization has been linked to both the survival and profitability of the firm. Dollinger [8,9], for example, found that although the importance of any one source of environmental contact made by the small business owner was not singularly related to performance, the amount of time the owner spent engaged in external contacts was positively related to sales, net income, and an index of profitability. Other investigations aimed at describing the networks developed by entrepreneurs have shown that these individuals seek contacts to improve personal competencies and performance of the firm [3,5,7]. However, the types of information sought by the small business owner may be a function of the person's fit with and preferred method of interacting with the external environment [10,16,21].

Aldrich and Zimmer [2] have suggested networks established by the entrepreneur serve the functions of information passage, exchange of content, and development of social relationships based upon expectations of the networking participants. Strength of the linkage between two or more individuals depends to a great extent on the level, frequency, and reciprocity offered by the relationship. These formally and informally established networks with external constituencies provide the impetus for exploiting opportunities which may benefit the small business organization. Thus, entrepreneurs with high performing firms will have ties to people who provide timely information, and resources to act as customers or provide services to the firm [6].

The current study had as its objective to determine if differences in the primary information gathering/processing mode of small business owners effects the type of environmental contacts selected or networks cultivated.

THE FUNCTION OF BOUNDARY SPANNING ACTIVITIES

In order for organizations to monitor changes in the environment and orchestrate a fit between these changes and the business, individuals perform a variety of boundary spanning activities (BSA) which afford decision makers the opportunity to assess and gauge the effects of these changes on the organization [14]. Boundary spanners are defined as individuals who are at the interfaces of the organization or the boundary between the organization and its environment. The purpose of BSA performed by these individuals are to filter, transact, buffer, represent, and protect the organization [1].

In large organizations employees fill specific boundary spanning roles to keep the organization informed. These positions are familiar ones such as salesperson, customer service representative, lobbyist, and purchasing agent, for example. However, in smaller organizations it is unlikely that the resources are available to support such specific job descriptions and the employment of specialists in each boundary spanning area. Therefore, many times it is the owner who takes a majority of the responsibility for interfacing with external constituencies and forming network contacts at organizational boundaries [8,9].

The small business owner acquires information from the environment and then translates that information into opportunities for the organization

[11]. A typical owner/manager spends more than two hours per day in external contact activity. Furthermore, the quality, clarity, and time span for gathering information about the environment are all important considerations for the small business owner.

Although the criteria for assessing environmental information has been investigated the importance of specific information types to small business owners is not clear. Researchers in the area of organizational decision making, though, have proposed that when individuals are confronted with complex problems requiring synthesis of much information, an incremental search for and evaluation of information is efficient [15]. Additionally, Simon [19] has observed that a decision maker is bounded by personal values, personality, and collective experiences in gathering and processing information. Given these limitations on the ability of an individual to process and act on environmental information it is reasonable that a small business owner, with limited resources to spend on the acquisition and interpretation of environmental information, would develop only certain information networks at organizational boundaries.

DECISION STYLE AS A DETERMINANT OF BSA

Human information processing concerns the cognitive/affective and analytic/intuitive aspects of decision making and problem solving [20]. Recently, there has been an interest among researchers in examining the effects of decision style on strategy formulation [17,18], organizational effectiveness [10], and boundary spanning [3]. The approach centers around classification of decision makers on two dimensions resulting in a definition of one's psychological type [12].

An initial classification is made on the individual's method of gathering or perceiving information [13]. This is labeled as either a sensation (S) or intuition (I) mode. A sensing individual prefers to acquire information that deals with hard facts and specifics while an intuitive person seeks information that describes possibilities and is more qualitative and subjective. Processing the obtained information is performed through either a thinking (T) or feeling (F) mode. Use of a thinking mode focuses on logical evaluation and formal reasoning, and use of a feeling mode revolves around the effects of the decision on the stakes of the individuals involved. From these two dimensions four basic decision styles are defined as ST, NT, SF, and NF.

This human information processing approach to understanding decision making offers an avenue to explain and predict the specific types of environmental contacts the small business owner will cultivate and the types of information sought from the environment with limited resources for BSA. The ST decision maker prefers factual data and has an impersonal or analytical tendency. A NT decision maker deals with general concepts and is concerned more with broad issues and emphasizes the conceptual. The NF type is characterized by broad concerns of a social nature and is interested in idealistic concepts. The fourth type, SF, is concerned with human relations and an involvement with facts.

Based upon decision style the decision maker should seek out information through external environment contacts which are congruent with style. Specifically, this means that the small business owner will expend time gathering, processing, and acting on information which is the most compatible with his/her style. If this proposition is supported there would be implications for providing small business owners with assistance in developing competencies in selecting and processing other types of environmental information and establishing networks to enhance the fit between organization and environment. In the current study the following hypothesis was tested:

H_1: The environmental contacts developed through the boundary spanning activities of the small business owner will vary as a function of decision style.

METHOD

Sample

Subjects in this study were 57 (29 male and 28 female) small business owners operating in a southeastern state. For this sample the term small business was used to identify owners whose firms employed less than one hundred people and had annual gross sales of less than one million dollars. Business types were primarily retail (27.5%), followed by service (19.6%), with the rest being classified as manufacturing, construction, and wholesale. These subjects were generally middle-aged (40-49 years of age) and relatively well educated as evidenced by 46.8% of the participants having obtained at least some graduate education.

Measures

Environmental Contacts. To determine the number of contacts with individuals in the external environment, as a gauge of BSA, subjects were asked to record the number of face-to-face, written, and telephone contacts they had during a one week period with (1) bankers, lawyers, accountants; (2) trade and business associations; (3) regulatory agency officials; (4) stockholders; (5) private consultants; (6) civic and social organizations; and (7) competitors (see Table 1 for the average and percentage of contacts for each item). These categories of external contacts were adapted from Dollinger [8,9]. Composite measures were constructed by summing the number of face-to-face, written, and telephone contacts for each environmental contact type.

Decision Style. In this study decision style was operationalized using a short-form version of the Myers-Briggs Type Indicator which has been used in past small business research [4]. Respondents evaluate eight sets of two questions each to identify information gathering style and eight sets of two questions each to identify information processing style. From each two question set the respondent chooses the statement which is most representative of personal individual behavior. The selected statements are summed and used to classify individuals into primary decision styles based upon the highest scores for the information gathering and processing dimensions. This results in identification of either ST, SF, NT, or NF as a primary decision style.

Design and Analytic Strategy

Dimensionality and Reliability. The environmental contact items were subjected to a principal components factor analysis with varimax rotation to determine if they could be combined in a conceptually meaningful way. Two factors were extracted with eigenvalues greater than 1.00 and were interpreted (see Table 2). No item loaded less than .79 on its primary factor or greater than .27 on a secondary factor except for competitor contact whose loading on both factors was negligible. Factor I was labeled "external assistance information" (ASTIN) and Factor II was labeled "external community information" (COMIN). Since competitor contact (COPIN) did not load well on either factor it was used as a third conceptually distinct dimension in all analyses.

A reliability check of the decision style items was performed employing the KR-20 formula for dichotomous data. For the information gathering dimension a reliability coefficient of .70 was obtained. The information processing dimension yielded a coefficient of .60 across the items. Given the small sample and the relatively large number of items contained in each dimension, these two moderate coefficient values were deemed high enough to construct primary decision styles.

Grouping and Analytic Techniques. Each subject was grouped according to primary decision style which resulted in four groups of individuals being labeled as either SF (n = 20), ST (n = 7), NF (n = 24), or NT (n = 6). Because BSA was defined as being multidimensional in nature, composed of three separate dimensions, the primary analytic technique used was multivariate analysis of variance (MANOVA). Scale scores for the external assistance and community information dimensions were computed by summing the number of contacts from each item included in each factor. These were used as the first two dependent measures. Total number of competitor contacts was used as the third dependent variable.

Given a significant omnibus F for the MANOVA test several post hoc techniques were employed to investigate the specific nature of between group differences. First, a multivariate extension of the Scheffe test was used to determine specific between group differences. Second, centroids were evaluated to determine the nature of these differences. These procedures were followed up by a review of possible univariate differences between groups on each of the three separate environmental contact dimensions.

RESULTS

Descriptive statistics for the three ENVIRONMENTAL CONTACT variables are included in Table 1. A significant MANOVA result was found ($p < .05$) indicating that decision style effects the manner in which small business owners use environmental contacts (see Table 3). This result supports the hypothesis that environmental contacts developed through boundary spanning activities of the small business owner will vary as a function of decision style. Several post hoc analyses were conducted to understand the exact nature of this effect.

Using a multivariate extension of the Scheffe test, D^2, significant differences were found between the NT - SF, NT - ST, and NT - NF decision styles ($p = .05$, .08, and .06 respectively). These differences were explained by looking at the

canonical discriminant functions. An examination of the canonical discriminant functions evaluated at the group centroids indicated that the first function, representing ASTIN, is predominantly used by NTs, the second function, representing COPIN, is predominantly used by STs, and the third function, representing COMIN, is a weak SF function (see Table 4). NF did not load high on any function, suggesting that NT decision style users employ a variety of environmental contacts without a predominant contact.

Following the multivariate analyses, univariate analyses of variance were conducted in order to determine the effect of decision style on each of the dependent variables. Significant results were obtained with ASTIN ($p < .05$), indicating that decision style affects the use of external assistance information; results with COMIN and COPIN were nonsignificant (see Table 3).

Given the significant univariate results of decision style on external assistance information usage, further examination of group differences was warranted. Post hoc analyses determined significant differences in external assistance information contacts ($p < .05$) between NT - NF, NT - ST, and NT - SF groups. These results paralleled those obtained with the multivariate post hoc tests. No other mean comparisons were significant. In each of the above comparisons, the NT decision style accessed more information through ASTIN contacts than the other decision styles.

DISCUSSION

The current investigation had as its objective to determine the effect of decision style on the BSA of small business owners. Assuming that the small business owner has to take responsibility for interfacing with external constituencies in order to maximize business performance, it was hypothesized that decision style would affect the manner in which this interfacing took place. As hypothesized, decision style was shown to affect boundary spanning activity, as represented by quantity of external information contacts.

The multivariate post hoc analyses revealed three dimensions related to decision styles. Owners with an NT style, based on general concepts and broad issue development engaged in a greater number of external contacts than owners exhibiting any of the other four styles. These contacts include activities such as interacting with business and trade associations, regulatory agencies, private consultants, and bankers, lawyers, and accountants. Since NTs gather information on possibilities that is qualitative in nature, and process that information logically with formal reasoning, one might conclude that these contacts are for the purposes of facilitating the development and operations of their business.

Owners with an SF style, based on gathering hard facts and specific information with a human relations focus engaged in external contact activities such as involvement in civic organizations and interaction with stockholders. The results suggest that the nature of these contacts is toward developing relationships and improving company image in the community.

Owners with an ST style, based on gathering factual data and logically analyzing it, focused on external activities related to developing information about competitors. This information might be used to either gain a competitive advantage, or monitor competitor activities in similar markets.

Owners with an NF style, represented by broad concerns of a social nature, did not employ a specific pattern of external contacts. These small business owners apparently used a variety of contacts across multiple categories.

These style/contact relationships are consistent with the scenario attributes developed by Nutt [17]. Small business owners appear to be using boundary spanning activities consistent with their decision styles. Given these results, it would be appropriate to suggest that owners may need to broaden their decision styles to include gathering information with a broader external focus (i.e, information concerning competitors). The fewest number of contacts across all styles resulted from the competitor information dimension. This is consistent with previous research which found that small business managers are most concerned with improving the internal efficiency of their organizations [10].

Application of cognitive theory to small business management offers a viable approach to investigate the manner in which small business owners make decisions that effect the performance, and ultimate success, of their enterprises. To build upon the current findings, research is necessary to determine more specifically the congruence of environmental contacts with primary decision style.

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TABLE 1
Descriptive Statistics for Environmental Contact Items

Item	Mean	Percentage of Total Contacts
Business and Trade Associations	6.33	33.31
Regulatory Agencies	4.26	15.02
Private Consultants	1.79	6.31
Bankers, Lawyers, Accountants	3.33	11.74
Civic Organizations	8.40	29.73
Stockholders	1.11	3.89

Descriptive Statistics for Dependent Variables by Decision Style

Decision Style	N	Variable	Mean	s.d.
SF	20	ASTIN	6.40	8.79
ST	7		7.57	14.69
NF	24		7.83	13.46
NT	6		87.83	199.77
SF	20	COMIN	15.80	30.70
ST	7		6.14	6.67
NF	24		6.12	6.11
NT	6		6.33	9.46
SF	20	COPIN	1.45	2.23
ST	7		8.43	20.13
NF	24		2.50	4.19
NT	6		5.00	5.93

TABLE 2
Principle Components Factor Analysis of Environmental Contact Items (Varimax Rotation)

Item	Factor I[a]	Factor II[b]
Business and Trade Associations[1]	.98	.13
Regulatory Agencies[1]	.96	.11
Private Consultants[1]	.95	.09
Bankers, Lawyers, Accountants[1]	.88	.11
Civic Organizations[2]	-.04	.88
Stockholder[2]	.27	.79
Eigenvalue	3.79	1.30
% of Variance	63.1	21.6

[a]External Assistance Information (ASTIN).
[b]External Community Information (COMIN).
[1]Factored items comprising ASTIN.
[2]Factored items comprising COMIN.

TABLE 3
Multivariate (Manova) and Univariate (Anova) Results for the Effect of Decision Style on Environmental Contact Variables

Test	Value	Approx. F	df	Sig. of F
Pillais	.30028	1.965	9,159	.047

EFFECT	HYPOTH SS	ERROR SS	HYPOTH MS	ERROR MS	df	Sig. of F
ASTIN	34896.83	206464.68	11632.28	3895.56	3,53	.039
COMIN	1206.12	19486.02	402.04	367.66	3,53	.360
COPIN	283.48	3106.66	94.49	58.62	3,53	.198

TABLE 4
Canonical Discriminant Functions Evaluated at Group Centroids

GROUP	FUNCTION 1	FUNCTION 2	FUNCTION 3
SF	- .15	- .22	.37
ST	- .19	.74	- .22
NF	- .11	- .06	- .16
NT	1.17	.12	- .32

MANAGEMENT AND SMALL BUSINESS SUCCESS: A PRELIMINARY INVESTIGATION

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ABSTRACT

While there are numerous variables affecting small business success, one of the primary areas which has been empirically shown to have a relationship to predicting small business success is management. Management is defined by Szilagyi (1989) and Koontz, O'Donnell and Weihrich (1984) is competently performing the functions of planning, organizing, staffing, directing and controlling. This paper reviews the pertinent literature, centering its discussion on management functions and their relationship to small business success. It concludes that small business success is very much a function of understanding and utilizing good management practices. Further, it provides a classification model of management functions of successful versus unsuccessful small businesses, gathered from interviews with over 150 entrepreneurs.

INTRODUCTION

According to Dun & Bradstreet's annual survey of financial data on businesses, one of the major causes of all business closings, almost 90%, is directly related to poor management of the firm. In fact, according to these surveys, of all businesses started in year one, almost 80% of these will no longer exist by year five.

A number of factors influence this phenomena, including environmental factors like government regulations and shifting markets. However, most if not all the closings can be linked to failure to attend to the management functions of planning, organizing, staffing, directing and controlling.

The purpose of this preliminary investigation is to empirically examine the relationship of these managerial functions to the success of a small business. More importantly, for the small business owner-manager, the issue is more basic. "What is most important to me if I am going to be successful?"

This paper is an attempt to present: (1) a brief discussion and definition of success, including factors which primarily affect success and (2) a discussion and graphic illustration of how the management functions are executed which differentiate successful versus unsuccessful small businesses, based on a selected sample of over 150 entrepreneurs.

LITERATURE REVIEW

In 1988, almost 600,000 new business start ups were recorded. This represents a growing number of Americans who are going into business for themselves (Small Business and The American Economy, 1988). In an economic climate that encourages and nurtures entrepreneurship, hundreds of thousands of corporate executives, MBAs, retirees, housewives and individuals interested in a career change are opening their own business.

According to the latest Internal Revenue Service projected figures, there are 18.6 million small businesses in the United States. The U.S. Small Business Administration reports that small businesses, including the self-employed, account for 58 percent of the U.S. workforce and 40 percent of the gross national product. A substantial number of current small business owners are women. They own 3.74 million small businesses and generate more than $65 million annually in gross receipts. Between 1977 and 1983, women-owned businesses increased at twice the rate of businesses owned by men (Small Business and The American Economy, 1988).

Perhaps equally important, National Science Foundation analysis reveals that small business has been a more prolific source of innovation per research and development dollar than large business (Feature Article, 1988).

Business Success

The success of small business is becoming increasingly vital to the economic well-being of our nation. According to David Birch, all new net U.S. jobs for the period 1976-1984, were created by small businesses. In examining the small business population, it becomes difficult to quantify and clarify success. Many inherent problems exist,

including the availability and the truthfulness of the business financial records, as well as the lack of a definite benchmark to differentiate success from failure.

Often small businesses do not keep accurate financial data and, of those who do, these data may have been revised to reduce taxes. Also, small businesses do not have to make their accounting records publicly available because most of them are small, privately-held and do not have public stock offerings. Finally, the level of profit which distinguishes a small business as a success or failure is not universal (Cohn and Lindberg, 1974).

What then is success? The Random House Dictionary defines success as: "1. the favorable or prosperous termination of attempts or endeavors. 2. the attainment of wealth, position, honors or the like. 3. a successful performance or achievement. 4. a thing or a person that is successful." One writer states that success must be measured in terms that are related to satisfaction. Success in a business occurs when those who have an interest in it are satisfied. A small business owner will think of the business as successful when it provides a profit (Sullivan, 1977).

Some researchers in the small business area, however, generally label businesses that survive for more than three years as successful (Liles, 1974). It is known that three out of five new firms are out of business after the first two years. They may not have declared bankruptcy, but they quit for one reason or another (Harmon, 1979).

One writer developed a life cycle for small business. He believed that the first three years constituted the crucial period of the business life cycle. The small business that survived the first three years had the highest probability for continuance and success (Liles, 1974). For this study, we have adopted Liles definition of success, which is that a business is successful if it has existed for three or more years.

Variables Affecting Success

Many researchers also have attempted to differentiate successful from unsuccessful small business by examining and analyzing numerous personality traits, attitudes and values of the owner-managers (Brockhaus, 1980; Sexton and Bowman, 1983; Solomon and Fernald, 1988).

The empirical literature regarding variables affecting small business success, however, is often categorized into two main groupings: exogenous and endogenous variables.

The primary exogenous variables are: (1) government regulations, (2) taxes and (3) the economy. The primary endogenous variables can be classified into two major subgroupings: (1) management functions and (2) the functional areas of management (i.e. marketing, finance and accounting). The management functions most cited are: planning, organizing, staffing, directing and controlling. With respect to the exogenous variables, most writers agree that small business failures are not caused by government regulations, taxes and the economy. Most small business failures are caused by the owner's incompetence or lack of experience in specific areas (Kuehl and Lambing, 1987; Harmon, 1979; Peterson, Kozmetsky and Ridgway, 1983; Hodgetts and Kuratko, 1986).

Small business owners who fail often have an excellent technical background but no business skills or knowledge. Unless the business owner has a general knowledge of many business skills, managing the business may overwhelm him or her (Kuehl and Lambing, 1987; Ibrabim and Goodwin, 1986; Wichmann, 1983). Of these skills, the management of resources, e.g., motivating and directing employees, is critical. This is especially true as the business grows.

In many cases the small business owner is capable of operating the business when it is first started but, as the business continues to grow, it eventually expands beyond the owner' skills and expertise (Banazewski, 1981).

The management functions have been shown to play a key role in the success of small businesses (Steiner and Solem, 1988; Harmon, 1979). This is supported by a survey conducted by Peterson, Kozmetsky and Ridgeway in which they concluded that the major cause of small business failure was the lack of management skills (Olson, 1987). Further, a Small Business Administration official is quoted as saying "Poor management is the greatest single cause of small business failure" (Feature Article, 1988).

The functional areas of marketing, finance and accounting tend to be subordinated to the functions of management inasmuch as the latter apply to how the functional areas are performed. Though poor management is generally stated as the major cause of small business failures, improper management manifests itself in many ways. Examples include poor inventory control, poor collection of

receivables, poor financial planning, poor marketing and poor pricing structures (Kuehl and Lambing, 1987). Thus, this paper will examine the characteristic which differentiate between successful and unsuccessful small businesses using the management functions cited above.

METHODOLOGY/STUDY RESULTS

A research of the literature was conducted to determine the extent to which the five basic management functions were utilized by successful and unsuccessful small businesses. The information obtained was then placed in table format, one for each of the management functions.

An interview protocol was developed, designed in a structured format, to cover major areas suggested by the current literature. The interview method was chosen to allow a free range of responses from the interviewees within the developed structure; to allow the responses to emerge from the subjects themselves, in their own words; and because of our own bias toward interviews as a "rich" source of data.

The sample was obtained through interviews conducted by graduate students on entrepreneurs they either knew of, or who had been identified in various media. Over 150 entrepreneurs were interviewed from 1985-1989, as part of the course requirement in a graduate level Entrepreneurship course. Because of the diversity of students, and the longitudinal nature of the study, a structured protocol was developed to minimize bias.

The data were analyzed using content analysis from a sample of 150 entrepreneurs. The entrepreneurs were identified according to our preferred definition of an entrepreneur as "one who starts and is successful in a venture and/or project that leads to profit (monetary or personal) or benefits society."

The responses were then tabulated in concert with the management functions discussed in the literature. We will readily admit interpretative bias, since the purpose of this study was to find evidence supporting our suppositions about behavioral differences between successful and unsuccessful entrepreneurs.

Planning

"Planning" is the owner-manager's decision-making function. It requires decisions about a future course of action or goal setting. Because planning is a thinking process, action-oriented business persons sometimes postpone it in favor of activities more directly involved in operations (Longenecker and Moore, 1987). Empirical studies have shown, however, that there is a statistically significant difference between level of planning sophistication and financial performance in small businesses (Bracker and Pearson, 1987; O'Neill and Duker, 1986).

Table 1 shows the different approaches or characteristics exhibited by both successful and unsuccessful businesses for the planning principle, as gleaned from the interview data. It clearly depicts that successful small businesses take the necessary time to plan, often including strategic planning (Gilmore, 1971; Stoner and Fry, 1987; Thurston, 1983; Steiner and Solem, 1988). On the other hand, unsuccessful businesses rarely plan and, if they do, it is generally short-term in nature (Robinson, 1982; Sexton and Van Auken, 1982).

Successful small businesses give planning adequate attention, develop goals and objectives and monitor these factors relative to the level of success. Unsuccessful businesses do not (Steiner and Solem, 1988; O'Neill and Duker, 1986).

Organizing

"Organizing" is the first step in the implementation of business plans and goals. It involves classifying and dividing the work or activities of a business into manageable units. Like planning, the organizing function must be performed continuously because business and economic conditions are constantly changing (Baumbeck, 1988).

Table 2 provides data from the interviews relative to the function of organizing. Successful small businesses have a formal organization structure and chart with clear lines of authority and responsibility (d'Amboise and Muldowney, 1988). Unsuccessful businesses have an informal organizational structure. The organizational arrangement is usually hazy in the minds of employees because of the lack of an organization chart.

While some writers state that in the very small business this may be satisfactory, they also state that it is desirable that relationships among members of the organization be logically conceived and thoroughly understood by all employees (Longenecker and Moore, 1987). The latter is best ensured through the exercise of putting this information in written form.

Successful firms also have criteria for their organizational structure based on product line, geographical marketplace or managerial function, with a relatively high degree of vertical and horizontal integration within the business. Such organizational policy generally covers the way in which responsibility and authority are distributed to different members of the business. An axiom of good organization is that responsibility and authority must always be equal.

A correct balance between delegating sufficient authority to relieve the owner of certain responsibilities, on the one hand, and maintaining sufficient control over the business, on the other hand, is the hallmark of good organization in the small business (Cuba and Milbourne, 1982).

A common weakness in unsuccessful businesses is the failure to delegate sufficient authority to leave the owner free to concentrate on the more important management functions (Baumbeck, 1988; Sullivan, 1977).

Staffing

"Staffing" is finding the right person for the right job and is the next step after organization. As shown in Table 3, successful small business criteria for staff selection is based on objectivity in terms of the needs of the business, thus work assignments are meaningful and challenging (Baumbeck, 1988; Longenecker and Moore, 1987; Featured Article, 1988).

For example, Olson has concluded that it is not essential to employ people with highly developed management skills (marketing, production, finance and human resources) in the start-up phase. These talents are much more important during the rapid expansion of the growth phase (1987). Also, successful businesses have a formal recruitment and selection system, a performance appraisal system and compensation commensurable with the level of work effort.

Recruitment and selection in unsuccessful small businesses rest with the owner-manager and tends to be highly subjective. Generally no performance appraisal system exists and compensation frequently is not commensurate with the level of work effort. The expected result is predictable. Successful small businesses have better employees, thereby permitting the owner-manager to spend more time with the customers - the ultimate source of the sales (Hand, Sineath, and Howle, 1987).

Directing

"Directing" is the function of supervising and coordinating the activities of subordinate individuals (Baumbeck, 1983). In successful small businesses, the owner-manager is firm, fair and consistent (see Table 4). He/she delegates a great deal of authority and responsibility, as previously noted. Supervision is largely an exercise in leadership. It is accomplished by means of the communication of ideas and instructions to subordinates, and based on an understanding of what motivates people (Baumbeck, 1988).

The successful small business owner-manager tends to use positive rather than negative techniques to motivate his/her employees. The business is run on a high level of trust and communication and employees are given a "wide latitude" in which to operate (Cohn and Lindberg, 1974).

In the unsuccessful small business, there appears to exist little or no delegation of authority and responsibility. The owner-manager uses a great deal of negative motivational techniques with employees. There is a low level of trust and an absence of good communications. In addition, employees are given a narrow latitude in which to operate. Hardworking, high performing employees can make the difference between a successful and unsuccessful firm. Through leadership/proper supervision, the owner-manager can gain the cooperation of others. Through motivation, the owner-manger encourages employees to strive persistently for high job performance (Longenecker and Moore, 1987).

Controlling

The last function of management to be discussed is the controlling function. The plans of the business are the standards against which the actual behavior of the business is compared. Planning without control would be of little operational value. "Controlling" is the function that measures, evaluates and makes corrective adjustments to the operations of the business in response to the standards developed by the plan (Scarborough and Zimmerer, 1984).

Table 5 suggests that in the successful small business there exists a budget, accounting records and an inventory system, as well as definitive criteria for measuring and reporting the performance of the business. There also is an established quality control function where standards of performance

are defined and stated. Finally, based on the established standard and measurement of performance, corrective actions are taken to bring the business in line with overall objectives.

Table 5 also suggests that for the unsuccessful small business, if budgets, accounting records or inventory systems do exist, they are rarely used. If they are used, they are used poorly. Quality control often exists, but is the sole responsibility of the owner-manager. Also, controlling is perceived as a more negative than positive approach by the owner-manager.

Finally, the criteria for measuring business performance in unsuccessful small businesses is either subjective or inconsistent. The controlling function is used to spot problems, but is not used to plot and establish the business objectives.

CONCLUSION

Small business is becoming an increasingly important factor in the political, economic and social fabric of the United States, as well as in many other free-world nations. Their success, therefore, is becoming essential to the well-being of their home nation. Thus, researchers, consultants, teachers and practitioners of small business need to find ways in which to help achieve success for the large number of small businesses being established. In order to help small businesses be successful, however, more information is needed as to how they can successfully compete.

There are many factors affecting the success or failure of a small business. There is considerable evidence, however, that the exogenous variables of government regulations, taxes and the economy have a far less adverse affect on small business success or failure than many believe. Conversely, there is considerable evidence that the endogenous variable of management is likely the major factor affecting small business success or lack thereof.

It is clear that the owner-manager of a small business must understand and successfully implement the functions of management. The owner-manager must perform the following basic functions if the business is to be successful:

1. Planning, or selecting the future courses of action for the business. The major difference found in this study between successful and unsuccessful small businesses is that of planning for the future versus focusing on daily existence. The successful small business "maximizes the probability of success," while the unsuccessful small business "minimizes the probability of failure." This reactive mode exhibited by the unsuccessful small business forces the owner-manager to constantly "put out fires" as opposed to eliminating the factors which contribute to starting the fires.

2. Organizing, or classifying and dividing the work or activities of a business into manageable units. The successful small business owner-manager understands the importance of a formal organizational structure and the associated organizational chart in order to provide clear lines of authority and responsibility. Further, the effort involved in such an exercise helps the owner-manager to question and be proactive in determining the organization best suited for his or her business. By providing a clear delineation of employee lines of authority and responsibility, the employees of the business are better able to perform their assigned duties.

3. Staffing, or finding the right persons for the right jobs, including retaining them. The successful business is started based on business need through formal recruitment and selection procedures. Work assignments are meaningful, a performance system exists and is used, and employee compensation is commensurable with the level of work effort.

4. Directing, or supervising and coordinating the activities of subordinates. The successful business owner-manager is firm, fair and consistent, using positive techniques to motivate his or her employees. The owner-manager freely delegates authority and responsibility in order to spend more time on other important management functions. Also, successful small businesses are managed in such a way as to provide a high level of trust and communication, giving employees a "wide latitude in which to operate.

5. Controlling, or measuring and correcting the actions of subordinates to ensure that plans for the business are fulfilled. Within the successful small business there exists a budget, accounting records and an inventory system. Quality control is based on established standards of performance. Corrective actions are implemented to bring the business in line with overall objectives.

In summary, the path to success for a small business heavily depends upon good management and the adherence to following the above stated management functions. Often, when questioned, the

unsuccessful small business owner-manager argues that there never is time to plan, organize, staff, direct and control. Clearly, based upon the results of this study, all owner-managers of a small businesses may be well advised to consider these five management functions as their "Small Business Commandments."

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TABLE 1
Classifying Successful vs. Unsuccessful Small Businesses
Using the Management Function of Planning

Successful Small Businesses	Unsuccessful Small Businesses
1. Time is allocated for planning.	1. Planning is only done if time is available.
2. Planning receives considerable attention.	2. Primary area of attention is obtaining sufficient base.
3. Both long-term and short-term customer planning is conducted and integrated into one consistent purpose.	3. Planning effort is short-term.
4. Objective goals and objectives are developed.	4. Goals and objectives are general and subjective.
5. Monitoring systems are created to provide information concerning the level of success in achieving goals and objectives.	5. No monitoring system developed or if one exists, poorly used, or ineffective.
	6. Planning is used only to assist in reacting to marketplace.
	7. All planning is done by individual owner-manager; often with no additional inputs sought or used.

TABLE 2
Classifying Successful vs. Unsuccessful Small Businesses
Using the Management Function of Organizing

Successful Small Businesses	Unsuccessful Small Businesses
1. Formal organizational structure.	1. Informal organizational structure.
2. Printed organizational chart.	2. No stated or printed organizational chart.
3. Clear lines of authority and responsibility.	3. Unclear lines of authority and responsibility.
4. Criteria for organizational structure based on product line, geographical marketplace or managerial function.	4. Organizational structure, if existent, based on desires of owner-manager.
5. High degree of vertical and integration.	5. Virtually no vertical and horizontal integration.
6. Seldom reorganizing.	6. Constantly reorganizing.

TABLE 3
Classifying Successful vs. Unsuccessful Small Businesses
Using the Management Function of Staffing

Successful Small Businesses	Unsuccessful Small Businesses
1. Criteria for staff selection is based on objectivity.	1. Criteria for staff selection rests with owner-manager and may be highly subjective.
2. Staffing is based on the business' need.	2. Staffing is based on the desires of owner-manager rather than needs of the business.
3. Opportunity for on-the-job training and learning available.	3. On-the-job training is left to the individual.
4. Staff is encouraged to expand their competencies.	4. Expansion of individual's competence is the responsibility of the individual rather than the business.
5. Work assignments are meaningful and challenging.	5. Work assignments are not always meaningful and far from challenging.
6. Compensation is commensurable with the level of work effort.	6. Compensation is not commensurate with level of work effort.
7. Formal recruitment and selection process of employees exists.	7. A lack of any process to recruit and select for all employees. High incidence of nepotism.
8. A performance appraisal system exists and is used.	8. No formal performance appraisal system.

TABLE 4.
Classifying Successful vs. Unsuccessful Small Businesses
Using the Management of Directing

Successful Small Businesses	Unsuccessful Small Businesses
1. The manager is firm, fair, and consistent in his/her actions.	1. The manager adopts a highly individualized "I'm the Pro" attitude toward many activities.
2. A high level of delegation of authority and responsibility exists.	2. There exists little or no delegation of authority and responsibility.
3. All internal resources are efficiently and effectively used.	3. Internal resources are not effectively or efficiently used.
4. The manager uses positive rather than negative techniques to motivate employees.	4. The manager uses a great deal of negative motivational techniques with employees.
5. Managers tend to use outside sources of assistance to provide needed feedback and advice.	5. Absence of outside source use for advice, counsel or feedback.
6. The business is run on a high level of trust and communication.	6. A low level of trust and communication exists.
7. Employees are given "wide latitude" in which to operate.	7. Employees are given a narrow latitude in which to operate.

TABLE 5.
Classifying Successful vs. Unsuccessful Small Businesses
Using the Management Function of Controlling

Successful Small Businesses	Unsuccessful Small Businesses
1. There exists a budget, accounting records, and an inventory system.	1. If a budget, accounting records or inventory system does exist, they're either never or poorly used.
2. There is an established quality control function. Standards of performance are defined and stated.	2. Quality control exists, but generally is the sole responsibility of the owner-manager.
3. Controlling is used to assist the manager in daily operations and future planning.	3. Controlling is used to alert the manager to daily operational issues.
4. There are definitive criteria for measuring and reporting the business' performance.	4. The criteria for measuring the business' performance is either subjective or inconsistent.
5. Major emphasis of controlling is on efficiency.	5. Controlling allows managers to spot problems but often is not used to plot and reestablish the business' objectives.
6. Based on the established standards and measurement of performance, corrective actions are implemented to bring business back in line with overall objectives-success.	6. Controlling is perceived of as a more negative than positive approach by the manager.

PERSONNEL PRACTICES IN THE SMALL BUSINESS MANUFACTURING SECTOR

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ABSTRACT

This study examined differences in personnel practices among small Georgia manufacturing firms. Survey results were also compared with **Personnel Policies Forum** data representing very large firms. Significant differences between large and small firms were found regarding use of written policies, formal job analysis and the personnel responsible for hiring decisions.

INTRODUCTION

There is reason to believe that personnel practices in small businesses will differ in many respects from those in large organizations. For example, very small businesses have an insufficient volume of personnel related activities to warrant a full time personnel manager. In addition, the small business manager must be a generalist, and may not be informed of or have the opportunity to apply available knowledge of personnel practices. This paper will present survey findings regarding personnel practices of small businesses in the manufacturing sector, and identify differences in personnel practices that may be related to differences in size.

REVIEW OF THE LITERATURE

Studies of personnel policies and practices in small firms have described strengths and weaknesses and have characterized small business managers as making limited use of cost effective techniques. This pattern is illustrated by the following four studies.

Hoy and Vaught [4] interviewed 150 small business owner-managers in firms with five to fifty employees. Problems identified by the interviewees involved recruiting, selecting, training and motivating employees. Employers blamed these problems on external factors such as a lack of skilled labor, disincentives like minimum wage laws and welfare payments and on cultural changes which de-emphasize the work ethic.

McEvoy [6] interviewed the person responsible for personnel management in 54 small businesses with 25 to 250 employees. Seventy-seven percent of all firms used written personnel policies though areas covered varied from firm to firm. More than one third did not maintain written job descriptions. Seventy-three percent planned their staffing needs less than one month prior to recruitment. Seventy-one percent had a formal performance evaluation system. However, forty-two percent used performance review meetings for simultaneous feedback and discussion of compensation for merit increases, a clear violation of good personnel practice. Most firms relied heavily on advertising and walk-ins for recruiting with little use made of employment agencies, personal contacts, professional associations, or high schools and colleges. On-the-Job-Training (OJT) was the preferred training approach of eighty-four percent of the respondents. Very few firms used formal training programs. Only twenty-eight percent of the firms used formal wage surveys and only three firms used formal job evaluation systems to assure external and internal equity in their compensation structures.

Respondents in this study kept current by reading general publications such as the **Wall Street Journal** or **Business Week.** Few read professional personnel journals or periodicals.

Aziz and Anderson [1] surveyed 300 businesses with fewer than 200 employees. The study evaluated their personnel policies concerning work analysis, staffing, training and development, employee appraisal, compensation and maintenance. Respondents gave opinions of the quality of the job done with respect to the above factors and the response was correlated with organizational size. The results indicated that smaller firms were felt to be doing a less than adequate job in nearly all areas while their larger counterparts were felt to be doing a much more satisfactory job. The authors concluded that larger firms are more likely to have a separate personnel department with a specialized staff to develop an effective personnel program. Little [5] surveyed 960 Louisiana firms having fewer than 100 employees to identify which personnel

functions are performed and who performs them. He found that the owner-manager usually performed most of the personnel-related functions, but the likelihood of a firm having a full time personnel employee increased as the number of employees increased.

The previous two studies show that personnel practices differ somewhat between small and larger organizations and the differences begin to appear in organizations with fewer than 200 employees. Blau et al [2] using data from 110 New Jersey manufacturing concerns employing 200 or more persons reported that size affects structure, personnel components and spans of control.

More recently, in a study of small and medium-sized businesses, Geeraerts [3] found that owner-managed organizations were much less likely than professionally managed organizations to implement formal structure and control techniques to cope with increased size. Geeraerts reasoned that owner-managers were reluctant to give up personal control.

Many factors may contribute to differences in organization structure and the use of managerial techniques. Because organization size is one of several dominating influences, it continues to be a major focus of research.

The above literature tends to support the ideas stated in the introduction, but leaves some issues unresolved. An increase in size does appear to be accompanied by increased use of formal personnel concepts and techniques, but these are applied less effectively in the small business environment, and are influenced by the fact that small business owner-managers behave differently than professional managers. None of the studies specifically addressed the idea of separating the effects of size and the effects of knowledge of managerial and personnel practices on the way that small businesses react to their environment. The research described below attempts to add to the body of knowledge in this respect.

RESEARCH METHODS

The Questionnaire and Sample

A questionnaire was developed to identify personnel practices and policies in small organizations, and included items covering personnel policy, job descriptions, staffing, performance appraisal, training and compensation. Respondents were asked to consider only non-managerial and non-supervisory employees.

A random sample of 354 companies having 20 to 400 employees was drawn from the 1984 **Georgia Manufacturing Directory.** Businesses which were divisions or subsidiaries of larger companies were excluded.

The mailed questionnaire was returned marked "addressee unknown" by forty-two selected companies. Useable responses were returned by 127 of the remaining 312 companies, for a response rate of 41 percent.

Analysis

The survey questionnaire provided response frequencies describing the personnel practices of small business firms. It included six items which used a five point preference scale to rate the importance or effectiveness of several personnel practices, and six other items that asked whether or not certain practices were being used. To determine the effect of size on the answers, responses were divided into two groups, seventy-nine with fewer than one-hundred employees and forty-eight with one-hundred to four-hundred. These two groups will be referred to hereafter as group I and group II, respectively. The break point between the two groups was set at one-hundred because the literature indicated that changes of the type being measured could be expected to occur as the number of employees reached this size. The Chi-Square test and the test for the difference between two proportions were used to identify significant differences in practices of the two groups. The significance level is reported in cases where the alpha error is .1 or less. The findings of this study are more meaningful when compared to the practices of large firms. Where possible, the Personnel Policies Forum (PPF) studies (published by the Bureau of National Affairs) were used for this purpose. The PPF surveys three-hundred personnel executives on a variety of personnel concerns. The selection of executives is changed every two years but represents a consistent demographic sample, and is assumed for purposes of this paper to be drawn from the same population.

RESULTS

Frequency Distributions

It was expected that personnel policy dissemination would become more formal in businesses of increasing size, since oral communication would become increasingly difficult. The results supported this. Figure 1 indicates that the proportion of firms relying primarily on oral policies decreased between group I and group II, while the proportion relying

primarily on written policies increased. A Chi-Square test for the differences between two groups was significant at an alpha level of .05.

The results showed a significant increase in the use of formal job descriptions between the two groups. Only thirty-seven percent of group I used formal job descriptions, while sixty-five percent of group II used them. A test for the difference between two proportions was significant at the .005 level. Those using a formal job description were asked how it was developed. Figure 2 shows that the highest percentage in both groups developed it through a formal analysis. The other methods were determination by the supervisor, adaptation from job descriptions of similar jobs, and interviews of employees holding the job. A Chi-Square test on the responses to the items in Figure 2 showed no difference between the two groups.

The person making the hiring decision also seems to change when the organization gets larger. Figure 3 shows the response to the question asking who was primarily responsible for making the hiring decision. The results indicate that the top manager is more involved in the group I organizations, while the decision is delegated to line managers and specified persons (such as the personnel manager) in the larger, group II organizations. However, the Chi-Square test for this response was significant only at the .1 level of significance.

The Personnel Policies Forum reports that most firms surveyed place the responsibility for the hiring decision with either the immediate supervisor for the position or the head of the department where the position is open [10,p.21]. So, with respect to the hiring decision, the tendency to decentralize begins with organizations having at least one-hundred employees and is prevalent in much larger firms with competent subordinate managers.

No significant differences were found between the two groups of companies regarding the presence of formal performance evaluation systems, primary use, disposition and frequency of use. However, comparison with PPF data reveals interesting differences. Only sixty-three percent of group II and fifty-three percent of the group I organizations in the small business survey reported having formal systems. In contrast, approximately ninety percent of all PPF firms have them [8, p. 3].

The top three uses among the respondents to the small business survey were to evaluate new employees during a probationary period for permanent employment followed by evaluation for training and termination purposes. The least important use was for making wage adjustments. The PPF survey reported that the top three uses for appraisals among large firms were for determining wage/salary adjustments, making promotion decisions, and developing communication between supervisors and subordinates, respectively [8, p.12]. One might conclude, therefore, that when formal appraisal systems are used in small businesses, they are used for more basic, less sophisticated purposes than is the case for large businesses. This is supported by the results to the question concerning the disposition of the evaluations.

Figure 4 summarizes the responses concerning the disposition of the evaluations after their completion.

These results indicate that the appraisal process in the small businesses is more informal than in the larger firms reported by the PPF. Only about fifty percent of the time is a formal written evaluation required of the supervisor, and only fifty-five percent of the time is the evaluation retained on file. Virtually all (99%) of PPF respondents retain performance evaluations on file for some time period. Seventy-two percent of the large companies retain them indefinitely [8, p. 20]. Other dispositions shown in Figure 4 cannot be compared directly because PPF responses are categorized somewhat differently. However, the PPF data show that more than ninety percent of responding companies have performance evaluation systems that include the disposition components shown in Figure 4. These companies have complex systems which include different programs for different employee categories, emphasis on employee participation and appeal procedures and documentation [8, pp. 1-23]. These forms of sophistication are perhaps more necessary and more affordable by large companies.

The responses to the question concerning the frequency of performance evaluations were somewhat consistent with the practices found in large businesses in that annual evaluations were the most common. Only forty-five percent of the small businesses reported annual evaluations in contrast to eighty-three percent of all PPF respondents [8, p. 5]. This difference may be attributable to the small businesses' use of performance evaluations during the probationary period, often less than a year in duration.

Results of Questions Using Rating Scales

The following discussion concerns that part of the survey where respondents were asked to rate a series of items on a scale of one to five with one

being very ineffective/unimportant and five being very effective/important. None of the responses in this and the remaining areas showed a statistically significant difference between group I and group II. However, as in the preceding section, comparisons to PPF data are made. PPF reports describe frequency of practice, so at some risk of accuracy, relative importance can be inferred.

Small business respondents reported present employee contacts as the most effective and employment services (private and government) as the least effective means of recruitment. Ninety-one percent of all PPF companies use employee referrals and at least seventy percent use private and state employment agencies [10, p. 7].

Work experience and frequency of employer changes were the most important screening factors used by small business managers. These factors are among those most frequently used by all PPF companies [10, p. 22].

Attendance was one of the most important concerns of small companies that checked applicants' work histories. Cooperativeness and ability to work with others were of only slightly less concern. Productivity, efficiency, accuracy and completeness of work were all much less important. PPF data does not provide specific insight regarding these factors. However, seventy-three percent or more of the PPF respondents do check employment records and other reference information [10, p. 22]. It follows that information regarding attendance, job attitudes and performance is requested.

Figure 5 shows the average ratings given to various tools used for selecting employees. Both small company groups rated the interview as the most important item, with physical exams, personality tests and aptitude tests being among the least important. The use of employment tests, particularly aptitude and ability tests, can greatly enhance the productivity of the selection process. This is an advantage taken more frequently by larger firms since sixty-three percent of PPF firms reported using a skill performance test or work sample and fifty-seven percent required a medical examination [10, p. 17]. The frequent use of medical exams reflects growing compliance with federal and state legislation as well as awareness of the need for self protection provided by benchmark exams.

Figure 6 summarizes the average ratings given to a number of factors used for setting employee pay with job evaluation, company wage history and the going rate being the most important items. The mid-range rating for the formal wage survey indicates that it is not used extensively by small businesses. The PPF survey, however, reported that ninety-three percent of all companies use wage and salary surveys, with fifty-five percent rating them as essential, Thirty percent as very helpful and fifteen percent as "of some use as a guideline." Job evaluation is used to establish internal equity in pay structures. Wage survey data help companies to be externally competitive regarding compensation. Small companies are apparently most concerned with internal equity while large companies are very concerned with being externally competitive. PPF respondents were not asked if they conducted job evaluation, but they were asked other questions relevant to internal equity. For example, Thirty-one percent use outside consultants in establishing management pay structures and twenty-three percent use them in establishing non-management pay structures. Fifteen percent use outside consultants for other compensation related duties, primarily to conduct formal job evaluation [7, p. 4]. Thirty-eight percent of PPF companies also report using committees of four to six members to deal with some wage/salary issues including job evaluation [7, p. 18]. From this and other reported activity it is apparent that there is also much concern for internal equity among large companies.

Respondents were asked to rate the importance of various kinds of training programs for new employees. On-the-Job-Training (OJT) was the most highly rated item, followed by coaching, formal in-firm training, job rotation and formal external training. Intuitively the authors believe the term OJT was interpreted as a broad range of non-formal options. The top two items were rated 4.3 and 3.6 respectively. None of the remaining items were above mid-scale, which indicates that they are not viewed as being very important. In contrast, only a few PPF respondents relied exclusively on OJT. Most supplemented extensively with formal, structured training programs. Ninety percent of all PPF firms conduct formal in-house training programs for management and non-management personnel. Eighty-seven percent of all PPF companies provide in-house training programs for non-management employees [9, pp. 1-3]. External training programs of various types are provided to first line supervisors and managers (there was no mention of non-managerial employees). For example, attendance at outside seminars is provided at company expense by seventy percent of large companies for first line supervisors and by seventy-six percent for middle managers. Also, thirty-seven percent of large companies provide university programs for executive development to their middle managers [9, p. 20].

The difference in training in large and small companies appears to be one of resources. Larger companies may have training professionals to determine training needs and provide programs to supplement OJT. Small firms may not have these assets, thus they depend more heavily on OJT.

SUMMARY AND CONCLUSIONS

Significant differences between the two groups from the small business sample were found in the use of written policies, formal job analysis and delegated hiring decisions. No significant differences were found in the use of performance appraisals, or in the responses concerning the importance of a number of factors pertaining to recruiting, staffing, compensation and training. Differences were found, however, when these factors were compared to practices in the large business organizations reported in the PPF.

PPF firms use performance evaluation systems more frequently, administer them in different and more sophisticated ways and are more likely to retain the evaluations on file.

Both small businesses and PPF firms consider employee contacts to be the most effective means of recruiting and are consistent with respect to gathering background information on job applicants. However, PPF firms make frequent use of private and government agencies and structured selection procedures such as skill performance tests and medical examinations. The small business sample rated all of these items as relatively unimportant.

Small companies place heavy emphasis on internal equity in pay structures and less on external competitiveness whereas PPF companies conduct wage surveys, demonstrating concern for external competitiveness.

Finally, small companies consider OJT to be the most important training technique whereas PPF companies frequently use structured in-house training programs (rated as relatively unimportant by small businesses).

The differences found between the small business sample and the PPF firms are all as expected. Some are related primarily to size. As the number of employees increases, it becomes necessary to delegate hiring decisions and formalize policy and selection procedures simply because the more direct and informal methods become ineffective. The fact that the small business sample showed differences in these factors between group I and group II suggests that these changes tend to occur fairly early in the growth cycle of a small business.

Many of the other items, such as use of performance evaluations, performance tests, wage surveys and formal in-house training programs require specialized knowledge and professional administration. A possible explanation for the lack of difference in these factors between the two small business groups is that small organizations are not likely to have the resources (including professional personnel managers) to administer the more sophisticated personnel practices. There is readily available published information and training, and there are employer associations and consulting services. However, the small business manager seems disinclined to take full advantage of these resources. Further research will be necessary to clarify this point.

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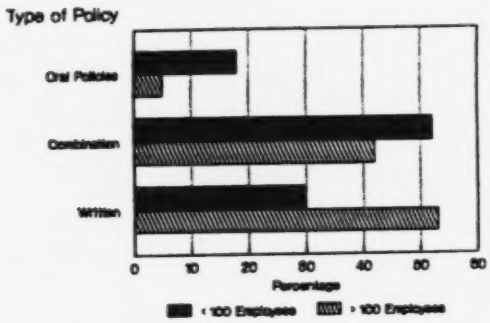

Figure 1. Development of Job Description

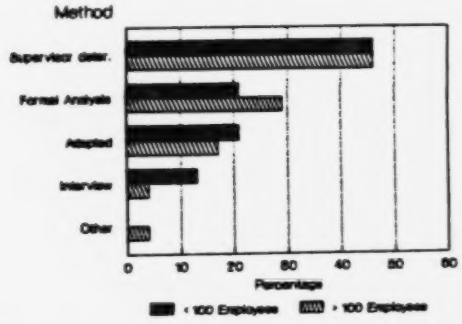

Figure 2. Development of Job Description

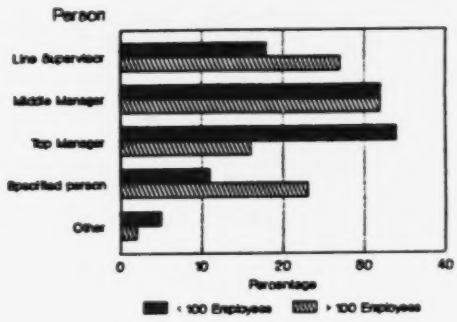

Figure 3. Hiring Decision

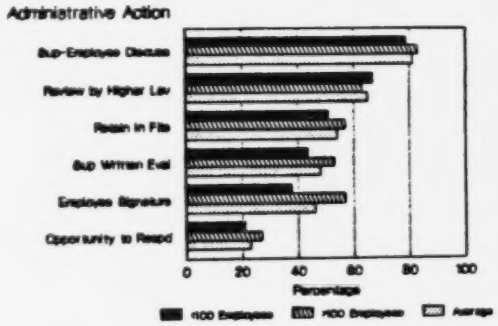

Figure 4. Disposition of Evaluations

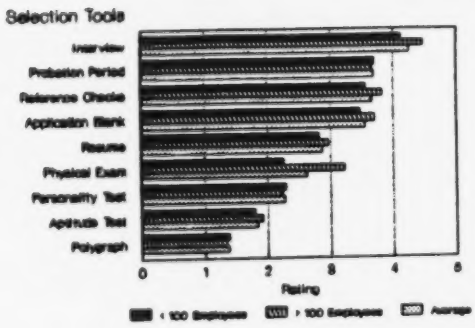

Figure 5. Selection Tools

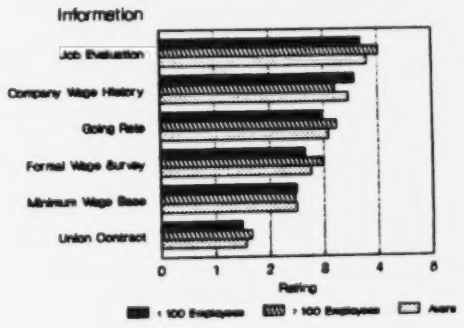

Figure 6. Information for Pay

RURAL ENTREPRENEURSHIP RESEARCH: AN INTEGRATION INTO THE ENTREPRENEURSHIP FIELD

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ABSTRACT

Rural entrepreneurship is one of the newest areas of research in the entrepreneurship field. It has become one of the most significant supportive factors for rural economic development. This paper defines rural entrepreneurship, integrates rural entrepreneurship research into an entrepreneurship typology, critiques current rural entrepreneurship research, analyzes data sources and research methods being used, and proposes future research prospects in rural entrepreneurship.

INTRODUCTION

In the past decade, entrepreneurship has become a recognized area of management research. Even more recently, considerable attention has been focused on entrepreneurship and small business in rural communities. This interest in rural entrepreneurship has been brought about by changes in rural society. The loss of manufacturing industries and the restructuring of agriculture have caused the continuing displacement of workers and the need for non-farm income to support farming operations. Many families are unable or unwilling to leave rural communities, and need to find alternative sources of income within the community. The encouragement of new ventures is viewed as a means to increasing income and employment as well as providing stability and growth in rural communities. Moreover, rural entrepreneurship may be the means to improve the quality of life in rural areas by providing goods and services to rural communities.

Although this interest in rural entrepreneurship has aroused considerable thought by governmental agencies such as the U.S. Department of Agriculture (USDA) and the Small Business Administration (SBA), there has not been a similar interest by mainline researchers in agricultural economics, agribusiness, management, marketing, finance, and accounting. Indeed, most of the research has been carried out under the auspices of federal agencies such as the USDA or SBA. What little research that has been carried out in the academic community has also been sponsored by federal or state agencies (e.g. Small Business Development Centers).

The purposes of this integrative paper are to: (a) define rural entrepreneurship; (b) integrate rural entrepreneurship into a typology of the field of entrepreneurship; (c) critique rural entrepreneurship research in light of that typology; (d) analyze research methods currently being used in rural entrepreneurship research; and (e) propose future research prospects in rural entrepreneurship.

DEFINITIONS OF RURAL ENTREPRENEURSHIP

Unfortunately, most rural entrepreneurship research has failed to use a definition of "rural entrepreneurship" at all. Most of the authors have assumed that everyone knows what "rural entrepreneurship" is. At a 1987 USDA conference, Hoy (40, p. 7) noted that a popular image of a rural entrepreneur is:

". . . independent-natured, risk taking, achievement oriented, self-confident, optimistic, hard working, and innovative."

Watkins and Allen (77, p. 17) suggested that entrepreneurs are:

". . . the founders and owners/operators of small businesses."

Hoy then stated that "entrepreneurship" in a rural context is focused upon "creating new employment opportunities via creating new ventures" (40, p. 7), and Watkins and Allen (77, p. 17) stated that "entrepreneurship" has been defined qualitatively as:

". . . a characteristic or set of characteristics, associated with persons who possess the drive, capabilities, and organizational skills to obtain and manage the variety of inputs necessary to successfully undertake a business venture."

Both of these sets of definitions were taken from predominantly urban contexts.

One attempt to provide entrepreneurship definitions in one place was that of Frederick and Long (28, pp. 5-30). Although this was a USDA publication, practically every article in the annotated bibliography came from an urban context. Indeed, there are few definitions in these research articles. Two authors have attempted to define entrepreneurship in a rural context (6)(41).

Based upon a recent definition of entrepreneurship developed by Spann, Adams, and Wortman (69) from previous research and based upon two key dimensions of the entrepreneurship process (e.g., structural autonomy and degree of innovation), an adapted definition of "rural entrepreneurship" would be:

"... the creation of a new organization that introduces a new product, serves or creates a new market, or utilizes a new technology in a rural environment."

In this definition, rural entrepreneurship could include new organizations that: (a) introduce a new product from an agricultural product--the utilization of corn starch in biodegradable plastics; (b) serve or create a new market--bacteria which prevent frost injury to cold sensitive crops; and (c) utilize a new technology--genetically engineered crops which are tolerant to certain herbicides. Clearly, this is a definition which could be used as a place to start for "rural entrepreneurship" definitions. (For additional work on entrepreneurship definitions and processes, see Adams, Wortman, Spann (1)).

CONCEPTUAL UNITY IN RURAL ENTREPRENEURSHIP RESEARCH

In 1986, Wortman (82) suggested a framework and a set of typologies for integrating the research in the fields of entrepreneurship and small business. In that framework, he analyzed the interfaces between: (a) small business and individual entrepreneurship; and (b) individual entrepreneurship and corporate entrepreneurship (e.g., intrapreneurship). Both the entrepreneurship and small business typologies were based upon current empirical research in both fields. Previous research studies were restructured into a coherent whole in the typologies and future research studies were suggested toward efforts that would advance both fields of entrepreneurship and small business more rapidly.

This paper has adapted the Wortman typology to assess the current empirical research in rural entrepreneurship (see Table 1). In evaluating the rural entrepreneurship research, the same criteria that were used in the Wortman study were employed (82, p. 262). First, studies involving students were not considered because subjects very widely in levels of experience and education in entrepreneurship. Second, no case studies were included except as illustrations. Even the field of rural entrepreneurship already has too many case studies and insufficient numbers of empirically-driven research studies. Third, studies of management assistance agencies (e.g., Small Business Development Centers, Small Business Institutes) related to rural entrepreneurship were included with the exception of those studies evaluating the impact of management assistance agencies. Fourth, only data-oriented research studies were included in the analysis. The literature through 1988 was included in the analysis.

CRITIQUE OF RURAL ENTREPRENEURSHIP RESEARCH

In the past five years, researchers have begun to analyze rural entrepreneurship. Most of these researchers are in the government or are in governmentally affiliated management assistance agencies at either the federal or state level. Since much of the work has been completed by agricultural economics or agribusiness researchers, the studies have tended toward macro-oriented analyses. The few works that have been completed by business researchers have tended to be micro-oriented analyses (e.g., case studies as the unit of analysis). Moreover, many of the studies have tended to examine governmental attempts to stimulate entrepreneurial behavior (e.g., rural incubators and rural enterprise zones). However, none of the rural entrepreneurship studies has been oriented to a comprehensive overview of a field of entrepreneurship or of rural entrepreneurship (sub-field). Therefore, in the next few paragraphs, these few rural entrepreneurship research studies will be examined in the context of the revised Wortman typology (see Table 1).

Theoretical. At the present time, there are no theories in the entrepreneurship field. Although Frederick and Long (28) have titled their bibliography with the words **Entrepreneurship Theories,** they would have been far more accurate if they had entitled it with the words **The Entrepreneurship Field.** Although there have been attempts at frameworks for research (with few or no theoretical constructs), but they have been narrowly based. At the present time, the Wortman typology is the broadest in the current literature.

In terms of rural entrepreneurship frameworks, one such model has been suggested by Hoy (40, p. 13).

As a rural venture creation model, he discusses the impact of demographics, behaviors, and attitudes upon the rural entrepreneur and the support sources from the community, resources, and mobility. The entrepreneur then moves to his/her new venture and job generation. All of this occurs in several macro environments including: (a) economic; (b) competitive; (c) legal; and (d) cultural. Other than this model, no other frameworks have been suggested for the study of rural entrepreneurship. Moreover, no models of any type (e.g., mathematical, causal) have been proposed or studied.

Historical. Although entrepreneurs and entrepreneurship have been studied by historians for many years, most of their studies have centered on urban entrepreneurs and have been focused in many different regions of the world. Studies that have been completed on such persons as Henry Ford and Cyrus McCormick have not been classified as rural entrepreneurs (although they might well be classified this way today).

Environmental. Most of the rural entrepreneurship studies can be categorized as environmental or functional. Moreover, most of the macroenvironmental studies are oriented toward rural development in both international and national contexts. In the international environment, little or no research has been carried out on rural entrepreneurship in industrialized nations. Indeed, it appears that more studies have been carried out on rural entrepreneurship in Third World countries than have been initiated in industrialized countries.

In two studies, the concept of the "core-satellite" model was examined (33)(42). The core-satellite model is one in which corporate food processes link up with small farmers through production contracts, exchanging agricultural inputs and services for assured deliveries of produce. The first study analyzed twelve cases in four countries in Central and South America (Mexico, Guatemala, Honduras, and Bolivia), three countries in Africa (Kenya, Tanzania, and Nigeria) and one country in Asia (Thailand) (33). This study examined the impact of the model and provided policy recommendations. The second study provided a conceptual model and case studies from Thailand, the Philippines, the Sudan, and Turkey (42). It also provided policy recommendations. Using twenty case studies, DeBruijn and DeBoer (21) analyzed the concept of small-scale industry service centers in Asia (Indonesia, India, Sri Lanka, Fiji) and in Africa (Liberia, Cameroun, Nigeria, Togo, Ghana, and The Sudan). In their analysis, they concluded that the small-scale industry service centers were performing far below expectations and provided recommendations for the improvement of these centers. In a third study, Ahwireng-Obeng (2) developed a new concept of cooperation for use in production cooperatives that stresses entrepreneurial sovereignty, individualism, and decision-making. In the fourth study, El-Namaki (24) employed secondary data from the International Labor Organisation to show that new enterprise creation and maintenance is a very slow process in developing countries and suggested ways in which to encourage entrepreneurs. In a final study of rural entrepreneurship in an international environment, Fleming (26) pointed out intrapreneurship within the government is a possible means of promoting agricultural market development, particularly in small developing nations such as those in the South Pacific region.

In macroenvironmental studies carried out on a national basis, rural entrepreneurship research is usually oriented toward a larger picture of rural development (11)(23)(30)(38)(39)(58)(59)(62)(63)(65)(67)(70)(71). However, few of these articles are empirically-based studies. Moreover, there is a real need to classify and integrate the studies on rural development that are even distantly related to rural entrepreneurship. Empirical studies that have been carried out usually employ secondary data sources on a macro basis.

For example, Miller (51) studied the question of whether or not small businesses are the answer to creating jobs in rural environments. In another study, Bluestone and Miller (9) examined the growth of employment in rural services and its relationship to goods-producing industries. Smith (68) analyzed the ways in which to diversify smalltown rural economies through the utilization of nonmanufacturing companies. Killian and Hady (43) later analyzed the payoff from such diversification in rural economies. Lastly, Flora and Darling (27) investigated the ways in which to aid rural development through community capacity building.

In microenvironment terms, most entrepreneurship studies have been carried out in urban or metropolitan environments. However, the federal government has attempted to impact the development of rural entrepreneurs through various types of policies (14)(29) and programs. These programs have included: (a) rural community research parks; (b) rural enterprise zones (10)(22)(25)(34)(35)(36)(37)(53)(55)(60)(80); (c) governmental and quasi-governmental organizations (13)(61); (d) Small Business Development Centers (8)(44); (e) small-scale industry service centers (21); (f) rural incubators (3)(4)(78)(79); (g) rural financial

institutions (12)(25)(42); (h) rural entrepreneurship extension operations (7)(64); and (i) rural entrepreneurship education programs (5)(52)(66)(75). Unfortunately, many of these are conceptual studies or are advocacy statements. Few of these articles have been useful in the sense of building a field of rural entrepreneurship.

These same policies and programs have been subjected to much evaluation research upon their impact upon rural development and rural entrepreneurship. Normally these impact studies have attempted to measure both efficiency and effectiveness of the programs. Impact studies related to Small Business Development Centers have analyzed (a) public sector assistance upon the performance of new ventures (16) and pre-ventures (17); (b) the development of new ventures (18); (c) value of SBDC consulting services (19)(20); and (d) general impact studies related to changes in sales, employment, profits, and market value of services (15)(46)(56)(72)(73). Most of the data in these studies were microdata and were gathered by survey or field interviews.

Two major national studies have analyzed the impact of SBDCs upon state and federal economies. The first study (32) measured the economic growth of small businesses that had received help from an SBDC. Data from nine different states were evaluated including sales revenues, profits, and employment generated by the small businesses and the increased tax revenues that the businesses generated. In this study, the impact of state and federal tax collections exceeded the estimated percentage of the SBDC budget devoted to long-term client counseling by a maring of four and one-half to one. The second study (47)(48) evaluated on the basis of: (a) economic impact; (b) market niche; (c) quantity and quality of services; and (d) ancillary benefits. The Metametrics studies have shown the positive impacts of SBDC counseling include higher sales of firms counseled than those not counseled, firms improved their sales following counseling, firms judge services to be excellent or good, and ancillary benefits appear to have accrued to firms undergoing counseling. However, cost effectiveness evaluations have generally been ineffective. Small Business Institutes were also evaluated in this study and found to be quite effective. Clearly, the impact studies are a major portion of the literature on rural entrepreneurship.

Organizational. Major organizational contexts cover businesses, government agencies, nonprofit organizations, and international organizations. There are no studies of rural entrepreneurship in these contexts at the present time unless we were to consider the operations of the programs listed above in the microenvironmental section.

Functional. Corporate entrepreneurship (intrapreneurship) research in a rural context is nonexistent. Although the field of entrepreneurship has shifted toward a major emphasis upon intrapreneurship in the past five years, there is no rural intrapreneurship research. Most of the functional studies have been carried out in individual entrepreneurship and most of those studies have been related to the structure of individual entrepreneurship.

Under the structure classification, new venture formation appears to be the major area of focus in rural entrepreneurship. Specifically, one set of studies examines business incubators in rural areas. These studies (3)(79) used both macro data and case studies of individual rural incubators. The next set of research works analyzed financial institutions in rural development. Two of these studies investigated rural banks (49)(50). These studies employed secondary data from the U.S. Federal Reserve Board and the U.S. Department of Agriculture. The third research work analyzed rural financial institutions in the future (54). None of these studies used statistical analysis of any type.

Another set of studies are also related to new ventures. The first study is a case study of a pilot program by the Texas Agricultural Extension Service (39). Specifically, the study analyzed a program of rural development through its entire conceptualization and implementation. The next study (45) examined business startups and business failures by sector and examined the factors influencing new firm formation in rural areas. Specific new startups in rural Maine were investigated in depth by Vaughan (74). These rural startups ranged from needlepoint design to clock repair and restoration to a gristmill to a musical instruments. Olinger (57) laid out the business continuity concerns of the closely-held small business owner. Lastly, Hobbs (38) characterized rural entrepreneurs and examined their support needs.

In the public policy segment of individual entrepreneurship, several studies have been attempted on rural enterprise zones and whether or not they would work. Two of the works (60)(80) dealt with the financial aspects, primarily tax incentives, of such zones. Both studies utilized financial data. The second (60) also employed an analysis of state enterprise zone legislative attempts. The third study (55) was a case study, clustered among nine urban

case studies, of a rural enterprise zone in Minnesota.

Discussion. There is a tremendous difference between most of the research in the larger field of entrepreneurship and the sub-field of rural entrepreneurship research. In the larger field, most of the empirical work has been carried out in the functional classification of the the typology. In the sub-field, most of the empirical work has been carried out in the environmental area. Much of that work has been related to impact studies of policies and programs implemented by federal, state, and local governments. In both the field and the sub-field, very little work has been attempted in the theoretical and historical areas. Moreover, few studies have been attempted in the government, nonprofit, and international classifications although there has been increasing use of the concepts of entrepreneurship (individual and corporate) in all of these types of organization.

CRITIQUE OF RURAL ENTREPRENEURSHIP STATISTICAL METHODS

At the present time, data in rural entrepreneurship studies are primarily macro data from the U.S. Census or similar databases. Almost all data in these studies has come from secondary sources in federal, state, or local governments. The significant difference is in the data used in the impact studies. Almost all of the data are micro data and have been gathered in the field or by interview. Indeed, it appears that two different sets of methodologists have been doing the research. One set uses macro data and does little or no statistical analysis of the data, while the other set uses micro data and attempts to use some statistical analysis. Currently, the sub-field of rural entrepreneurship is significantly behind the field of entrepreneurship in terms of sources of data used, types of data employed, research methods utilized, and statistical methods used.

In the past five years, corporate entrepreneurship studies have begun using: (a) mathematical models; (b) multiple regression analysis; (c) cluster analysis; and (d) factor analysis. However, in the past ten years, there has been little change in the types of statistics employed in individual entrepreneurship studies. Although there is occasional use of analysis of variance, MANOVA, discriminant analysis, and multiple regression, many of the studies still employ relatively unsophisticated statistical methods such as ranking, standard deviations, and linear correlation. Therefore, the contrast effect between corporate entrepreneurship and rural entrepreneurship studies is quite evident in terms of statistical methods used. Even when contrasting individual entrepreneurship and rural entrepreneurship studies, the difference is very noticeable.

RESEARCH PROSPECTS ON RURAL ENTREPRENEURSHIP

Every classification and subclassification of the Wortman typology could be characterized as virginal territory for exploratory research. Due to the absence of rigorous research foundations in entrepreneurship, propositions and hypotheses are not germane at this time. However, every one of the classifications does lend itself to research questions that be raised in the rural context. The following sections suggest a few potential research studies.

Theoretical Studies. A comprehensive framework of rural entrepreneurship as a sub-field of entrepreneurship as a total field needs to be developed. Such a framework would include theoretical variables and the relationships between those variables. Such a framework should be based upon what we know about rural entrepreneurship and what we could conjecture might be the shape of that field. This framework would even more clearly show the major studies that need to be completed.

What is needed in the framework is not just what is happening in each of the sub-classifications, but a systematic analysis of the rural entrepreneurship research and conceptual work (e.g., economic) followed by a theoretical framework which would demonstrate the interrelatedness of parts of the sub-framework and of the sub-framework to the comprehensive framework.

A definition of rural entrepreneurship still needs to be developed that would be and could be adopted by the researchers in the field. Fortunately, we have very few definitions of rural entrepreneurship at the present time. We do not have the unfortunate problem of the entire field of entrepreneurship in which researchers have very little agreement upon a definition of entrepreneurship and in which researchers appear to suggest their own definitions in every new article and book published.

Historical Studies. At the present time, any historical study of a rural entrepreneur would be useful. Moreover, by codifying studies of rural entrepreneurs which have been completed, but isolated from the sub-field of rural entrepreneurship, would assist in the development of the

sub-field. By codifying the studies, researchers would be able to examine urban-rural differences and cross-cultural orientations in entrepreneurial behavior. A few suggested historical questions are:

H.1. What types of biographies of rural entrepreneurs should be developed?

H.2. What happens to rural entrepreneurs over time? How much do they change and why?

H.3. What types of historical records can be used to provide some semblance of uniformity for rural entrepreneurship studies?

Environmental Studies. Although much of the discussion of rural entrepreneurship research above dealt with environmental studies, most of the articles were not empirically-driven research. Most of the studies were pure data with little or no statistical analysis. Therefore, studies examining the programs and policies noted above would be useful if they employed significant research designs and utilized statistics in order to make the research more generalizable. Studies examining environmental factors are needed on both macro and micro bases. A sample of these questions follows (82, p. 327):

E.1. What external or internal factors have had an impact upon the effectiveness of a rural entrepreneur or agribusiness intrapreneur?

E.2. What relationships exist between rural environmental factors and individual characteristics of a rural entrepreneur or agribusiness intrapreneur?

E.3. What are the relationships between internal and external environments for rural entrepreneurs?

Organizational Studies. Comparative studies of entrepreneurs and entrepreneurship in urban and rural contexts would be useful in examining the effectiveness of rural entrepreneurship in strengthening rural economic development. Comparative studies of rural entrepreneurs in industrialized countries versus underdeveloped countries could strengthen rural entrepreneurship in both types of countries. International joint team research (in terms of two or more countries) would also help use understand rural entrepreneurship across cultural boundaries. Several examples of organizational studies would be the following:

O.1. Are agribusiness intrapreneurs different in different types of organizational context (e.g. business, government)?

O.2. Do rural entrepreneurs or rural intrapreneurs serve different roles in different types of context and organizations?

Functional Studies. Although there is a tremendous amount of research on individual entrepreneurs, there is practically no research on individual rural entrepreneurs. Of course, if we could tease this information out of prior studies, it would be much easier to examine individual rural entrepreneurs and intrapreneurs. Clearly, there is a great need for study of all parts of rural corporate entrepreneurship and rural individual entrepreneurship.

The research of rural intrapreneurship needs to examine the types of new venture capital, new venture formation, and venture management in agribusiness firms. With respect to new ventures, the following questions should be studied:

F.1. Why is new venture capital so difficult to obtain in rural areas?

F.2. In establishing new ventures in a rural environment, what patterns of financing are the most effective?

F.3. In establishing new internal ventures in a rural environment, are certain forms of dependent or independent structures more effective? In terms of shortening time periods for the development of new products?

With respect to new venture operations, the following questions should be analyzed:

F.4. In the life cycle of the internal new venture, what operations take place in each of the cycles? Are these operations similar or dissimilar to those that take place in standard business operations in the life cycle?

F.5. Are there more new ventures in rural businesses than in comparable urban settings?

Although the behavior of individual intrapreneurs in urban contexts has been widely studied, the behavior of rural intrapreneurs has not been studied: A few suggestions follow:

F.6. What personal characteristics does a rural intrapreneur have? Are these personal characteristics the same or are they different from those of rural individual entrepreneurs? Are these personal characteristics different for an urban intrapreneur?

F.7. What skills must a rural intrapreneur have in order to be successful?

A well-developed model of the personal characteristics of a rural entrepreneur needs to be developed. At this need, no generalizable study of these characteristics has been published. Many comparative studies could be done that are related to earlier studies on the personal characteristics of urban entrepreneurs. Some questions on individual rural entrepreneurs should be asked:

F.8. What relationship does a rural entrepreneur have to the actual structure of the organization within which he or she operates?

F.9. Are rural entrepreneurs better at one or more of the usual managerial functions of an organization? How are these related to the success of the organization?

F.10. What personal characteristics does a rural entrepreneur have? Are these characteristics different than those of an urban entrepreneur?

F.11. What roles do other business functions (other than long-range planning) play in the development of an entrepreneur's organization?

Studies of new venture formation for individual entrepreneurs are jut beginning to emerge. Similar studies in a rural environment would be useful. For example,

F.12. What entry strategies are most successful for a neophyte rural entrepreneur?

F.13. What types of organizational structure are useful to new rural entrepreneurs?

F.14. In the establishment of new ventures in a rural environment, what patterns and sources of financing are the most effective?

Studies of rural entrepreneur careers could be quite useful. Career research questions could include the following:

F.15. Is career pathing of the lack of organized career pathing related to the development of an individual rural entrepreneur?

F.16. Are individual rural entrepreneurs interested in the development of career opportunities of their employees?

Studies on the job characteristics of rural entrepreneurs could be helpful in the development of the rural entrepreneurship sub-field. Two examples of job characteristics for rural entrepreneurs follow:

F.17. Is there a relationship between individual rural entrepreneur characteristics and task characteristics? What are successful and unsuccessful task characteristics for rural entrepreneurs?

F.18. Are there distinct competencies for individual rural entrepreneurs?

These exploratory research questions suggest that the sub-field of rural entrepreneurship is in its formative stages. Not only are these questions at very elemental stages, so are the research methods and statistical methods. The research designs, research methods, and statistical methods must be significantly upgraded in order to achieve the generalizability that would be useful in strengthening the rural entrepreneurship field and in turn strengthening rural development.

CONCLUSION

In the development of the research in rural entrepreneurship, high priority should be given to the conceptualization and definition of rural entrepreneurship. Although a definition for "rural entrepreneurship" was given earlier in this paper, it is only an initial effort at defining the term. The relationship of rural entrepreneurship to rural community development, rural economic development, and rural cultural development needs to be systematically explored. The relationship of rural entrepreneurship to urban entrepreneurship needs to be examined. Conceptualization in the rural component of entrepreneurship is probably more important than further data gathering on a macro basis with little or no statistical analysis. In other words, conceptualization must lay the groundwork for research on the component parts of rural entrepreneurship and for research on the relationships between those component parts.

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TABLE 1
Research Typology on Entrepreneurship

I. Theoretical
  A. Theories of entrepreneurship
    1. Corporate
    2. Individual
  B. Frameworks
    1. Comprehensive
    2. Psychological
    3. Sociological
    4. Economic
    5. Political
    6. Social
  C. Definitions of entrepreneurship
  D. Models of entrepreneurship
II. Historical
  A. Corporate entrepreneurship
  B. Individual entrepreneurship
III. Environmental
  A. Macroenvironment
    1. International
    2. National
  B. Microenvironment
    1. Urban
    2. Rural
IV. Organizational
  A. Business
  B. Government
  C. Nonprofit
  D. International
V. Functional
  A. Corporate entrepreneurship (intrapreneurship)
    1. Structure
      a. New venture formation
      b. Venture management
      c. Innovation
      d. Technology
      e. Public policy
    2. Behavior (total organization)
  B. Individual entrepreneurship
    1. Structure
      a. New venture formation
      b. Operations
      c. Public policy
    2. Behavior
      a. Careers
      b. Personal characteristics
      c. Job characteristics
VI. Future of entrepreneurship

Adapted from: Max S. Wortman, Jr. "A Unified Framework, Research Typologies, and Research Prospectuses for the Interface between Entrepreneurship and Small Business." In *The Art and Science of Entrepreneurship*, eds. D. Sexton and R. W. Smilor. Cambridge, MA: Ballinger, 1986, pp. 278-279.

A UNIFIED APPROACH FOR DEVELOPING RURAL ENTREPRENEURSHIP IN THE U.S.

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ABSTRACT

Rural entrepreneurship is one of the foundations of rural economic development. However, rural entrepreneurship has only recently been defined and few major research studies have been attempted. This paper analyzes current research on rural entrepreneurship, examines current strategies and programs in the area, proposes a unified public-private approach to rural entrepreneurship and suggests an integrated program to support rural entrepreneurship in the United States.

INTRODUCTION

In the United States, rural development programs have been analyzed by the federal government for more than 90 years (32). Problems facing rural areas have changed dramatically as the years have passed. Today, rural areas in the United States face the problems of continuous depopulation and an increasingly older population. In discussing rural development, Sauer (36) noted that it includes: (a) encouragement of farm-related enterprises; (b) technical and management assistance for rural entrepreneurs; (c) analysis of impact of federal farm policies; (d) technical assistance to local governments located in rural areas; (e) rural transportation; (f) rural telephone service and information services; (g) natural resource management; (h) rural financial industry; (i) rural families; and (j) family management in rural areas.

Proponents of rural economic development have stressed that rural entrepreneurship is one of the primary facets through which economic development can be achieved in rural areas (14) [e.g., diversification of rural economies (20); biotechnology as a solution for rural problems (7); and small business in the rural economy (40)]. Rural economic development in the 1990s may depend upon our understanding of rural entrepreneurship (35).

This paper: (a) defines rural entrepreneurship and its relationship to rural development; (b) places rural entrepreneurship research in the context of an entrepreneurship typology; (c) examines current strategies and programs related to rural entrepreneurship; (d) proposes a unified public-private approach to rural entrepreneurship; and (e) suggests an integrated program to support rural entrepreneurship.

RURAL ECONOMIC DEVELOPMENT AND RURAL ENTREPRENEURSHIP DEFINED

Economic development and entrepreneurship are clearly interrelated. More than two-thirds of all new jobs are developed through the entrepreneurial spirit involved in small businesses. Therefore, rural economic development and rural entrepreneurship should also be clearly related.

Currently, there is no commonly accepted definition of **rural development.** Indeed, rural development has been equated with rural industrialization (43), community economic development (31), community development (12), and cultural assessment of rural resources (10). Sears, Reid, Rowley, and Yetley (38) believe that "rural development comprises all those conditions and actions which enhance the well-being of rural people and the communities in which they live." They feel that rural development is a continuum ranging from economic well-being to overall well-being. Therefore, rural entrepreneurship would be related to that end of the rural development continuum dealing with economic well-being.

Definitions of rural entrepreneurship have tended to vary widely (13). Two of these definitions have been based upon numerical analyses of business owners in Texas (18) and of business entrepreneurs in Maine (45, pp. 17-19). Still others have defined entrepreneurship in a rural context (3) (19).

One recent definition of entrepreneurship by Spann, Adams, and Wortman (42) was developed from previous research and based upon two key dimensions of the entrepreneurship process (namely, structural autonomy and degree of innovation). Therefore, an adapted definition of **rural entrepreneurship** would be:

"Rural entrepreneurship is the creation of a new organization that introduces a new product, serves

or creates a new market, or utilizes a new technology in a rural environment."

In this definition, rural entrepreneurship could include new organizations that: (a) introduce a new product from an agricultural product--the utilization of corn starch in biodegradable plastics; (b) serve or create a new market--bacteria which retard spoilage in silage in silos (although this essentially is also a new product); and (c) utilize a new technology--use of bacteria (instead of pesticides) to protect the plant against insects.

RURAL ENTREPRENEURSHIP RESEARCH

In 1987, Wortman (49) provided a integrative typology for research in the entrepreneurship field (see Table 1). Rural entrepreneurship research would be placed throughout the typology. However, much of the work which specifically related to rural entrepreneurship could be placed under the environmental classification. Presently, work on rural entrepreneurship is being carried out in Third World countries (international) and work in the U.S. is being carried out in microenvironmental contexts. If there were many rural entrepreneurship studies being implemented, they would be placed under the various categories in the typology. Studies of rural entrepreneurship processes could be also integrated into the paths and processes concepts suggested by Adams, Wortman, and Spann (1).

However, very little empirical research has been attempted on rural entrepreneurship in the U.S. Many of these studies have been oriented toward the larger picture of rural economic development and have used macro data, usually from the U.S. Census. In this first set of macro studies, Miller (25) studied the question of whether or not small businesses are the answer to creating jobs in rural environments. In another study, Bluestone and Miller (6) examined the growth of employment in rural services and its relationship to goods-producing industries. Smith (41) analyzed the ways in which to diversify smalltown rural economies through the utilization of nonmanufacturing companies. Killian and Hady (20) later analyzed the payoff from such diversification in rural economies. Lastly, Flora and Darling (12) investigated the ways in which to aid rural development through community capacity building. In all of these studies, macro data were used to answer questions of rural development. Generally, no statistical analysis of any type was used.

A second set of studies focused on rural enterprise zones and whether or not they would work. Two of the works dealt with the financial aspects, primarily tax incentives, of such zones (33)(48). Both studies utilized financial data. The second employed an analysis of state enterprise zone legislative attempts (33). The third study was a case study of a rural enterprise zone in Minnesota (29).

The third set of studies examined business incubators in rural areas. These studies used both macro data and individual case studies of individual rural incubators (2)(47). The fourth set of research works analyzed financial institutions in rural economic development. These studies investigated rural banks (23)(24) and employed secondary data from the U.S. Federal Reserve Board and the U.S. Department of Agriculture. A third study analyzed rural financial institutions in the future (28). None of these studies used statistical analysis.

The fifth set of studies was a miscellaneous group including: (a) a case study by the Texas Agricultural Extension Service, which analyzed a program of rural development through its entire conceptualization and implementation (17); (b) an analysis of business startups and business failures by sector and the factors influencing new firm formation in rural areas (22); (c) specific rural startups in Maine, which ranged from needlepoint design to clock repair and restoration to a gristmill to musical instruments (44); and (d) the business continuity concerns of the closely-held small business owner (30).

In summary, the studies in the U.S. have used primarily raw macro data, financial data, and field case data. There has been little or no statistical analysis of these data even when the samples approached statistical significance. From these studies, there is little or no theory that can be suggested for the evolution of a rural portion of the entrepreneurship field. There has been so little research that practically nothing is generalizable from the studies that have been completed. Lastly, the research has suggested few points that might improve the evolution of either entrepreneurship as a field or the betterment of rural economic development.

STRATEGIES AND PROGRAMS RELATED TO RURAL ENTREPRENEURSHIP

Many different types of strategies and programs have evolved in the United States for the support of entrepreneurship and small business. In predominantly rural areas, these strategies and programs have infrequently been related to rural

entrepreneurship. Management and economic assistance efforts have included: (a) rural community research parks and technology corridors; (b) rural enterprise zones; (c) agribusiness intrapreneurship; (d) governmental and quasi-governmental organizations; (e) small business development centers; (f) small-scale industry service centers; (g) rural incubators; (h) rural financial institutions; (i) rural entrepreneurship extension operations; and (j) rural entrepreneurship education programs. In each of the growth phases of entrepreneurship, some of these strategies and programs are related to rural entrepreneurship (see Figure 1). These relationships are not always clearly identifiable in a rural context. Moreover, most of these programs are not coordinated in a unified effort to assist rural entrepreneurs and rural economic development. Indeed, some of the programs do not even know that the others exist. A brief summary of these relationships are discussed in the following paragraphs.

Rural Community Research Parks. Across the U.S., industrial parks of the 1960s and 1970s have become the research parks and technology corridors of the 1980s and 1990s. However, rural community research parks have seldom encouraged rural entrepreneurs, but have rather encouraged intrapreneurs of larger agribusiness corporations or attempted to entice plants of larger agribusiness corporations. Although there are extensive studies of urban and metropolitan industrial and community research parks, little is known about the establishment or effectiveness of rural community research parks.

Rural Enterprise Zones. Although federal rural enterprise zones were first proposed in 1981, and both 1988 presidential candidates discussed them, few steps have been taken at the federal level (16). But states have moved rapidly into the enterprise zone arena. Enterprise zones are usually small geographic areas of concentrated economic activity in which the financial and regulatory burdens of business are minimized and small businesses are encouraged. Major incentives are usually related to deregulation and to taxes (11)(15)(27). Over the years, insufficient conceptualization has been given to the concept of rural enterprise zones. Few efforts have been made to encourage rural entrepreneurs in being established in these zones.

Agribusiness Intrapreneurship. In the U.S., there has been increasing interest in the support of entrepreneurship within the corporation (known also as corporate entrepreneurship and intrapreneurship). Agribusiness corporations believe that new products and new markets are likely to come from these efforts. Clearly, spinoffs from large agribusinesses have encouraged rural intrapreneurship.

Governmental and Quasi-Governmental Organizations. To support rural economic development, other types of governmental and quasi-governmental (e.g., nonprofit organizations) have evolved. In the southern part of the U.S., the Tennessee Valley Authority established a commercial business development program to assist the service sector in its development (9). Indeed, its functions are very similar to the functions of SBDCs.

In 1985, the Commonwealth of Virginia established the Virginia Small Business Financing Authority (34). To support urban and rural entrepreneurship, the authority provides: (a) tax-exempt Industrial Development Bonds (IDB); (b) umbrella IDBs to provide small firm access to public markets' attractive rates; and (c) a working capital loan guaranty program. These state programs have not been evaluated in terms of their effectiveness, but they appear to be programs which will encourage rural entrepreneurs.

Rural Business Development Centers. In the U.S., Small Business Development Centers (SBDC) have supported the development and expansion of small businesses. Specifically, these SBDCs have provided: (a) free management assistance to existing and potential small businesses; (b) free access to information on market data, technical resources, and other specialized small business resources; and (c) low cost training seminars and workshops addressing problems of small businesses (21). Some SBDCs have operated in rural states (5). Although SBDCs have helped some rural entrepreneurs, they occasionally do not furnish the technical assistance necessary to solve technical (i.e., not managerial) problems of new entrepreneurs and new small business persons. For example, the technical assistance of the Center for Industrial Research and Service (CIRAS) noted below would have been helpful.

Small-Scale Industry Service Centers. Although not called small industry service centers in the U.S., there have been some efforts to solve the technical and engineering problems of neophyte businesses. Approximately twenty years ago, one such center (CIRAS) was established in Iowa to help inventors, entrepreneurs, and small business owners with their technical problems. With its expert services, CIRAS has been deemed to a be a highly successful operation and has helped in rural

development. At the Georgia Institute of Technology, a similar center has been established.

Internationally, DeBruijn and DeBoer have (9) described the functions of small-scale industry service centers which include: (a) direct support activities (e.g., using a mechanical workshop); (b) indirect support activities (e.g., training of personnel); and (c) need assessment and general development activities (e.g., identification of technological needs). Unfortunately, these small-scale industry service centers have not been as effective as they were hoped to be. This ineffectiveness may be due to the fact that more business advice and consultation was needed.

Clearly, there is a real need for the concepts of SBDCs and small-scale industry service centers to be integrated as a single operational concept. The relationship to rural entrepreneurship has not yet been considered.

Rural Incubators. Although incubators are quite numerous in the U.S., they are usually located in urban areas or in university settings. Incubators are operating in at least thirty rural communities in the U.S. (46). For long term development, rural incubators provide a nurturing environment for rural entrepreneurs. Incubators usually provide: (a) physical space for the business; (b) business development expertise (e.g. planning, marketing or financial); (c) business support services; and (d) access to venture capital. Unfortunately, the concepts of enterprise zones, SBDCs, rural incubators, education, and financial services have seldom, if ever, been combined at one time or one location.

Rural Financial Institutions. Financing the needs of rural entrepreneurs is far more difficult than for urban entrepreneurs due to the types of rural financial institutions (9). As conservative institutions, they have not willing to take the risks necessary to support rural entrepreneurs. Moreover, these financial institutions are seldom related to, nor closely aligned with venture capitalists. One of the major challenges for rural entrepreneurs is to obtain venture capital from existing financial institutions. Indeed, in many rural areas, there are few (if any) venture capitalists. For example, there is only one formal venture capitalist in the entire state of Iowa. Moreover, rural entrepreneurs have an extraordinarily difficult time in locating informal venture capitalists, who do have money to invest in such projects.

Rural Entrepreneurship Extension Operations. Extension services usually have been related to either agriculture or home economics in the U.S. Business has not been its first priority (4). However, with the long-run trend of women entering the work force, extension services have moved into the support of home-based enterprises in rural areas. In one study, the businesses ranged from crafts (such as woodworking, pottery, basketmaking) to bakeries to custom yarns (37). If extension service personnel were trained to deal with home-based entrepreneurs, they could make a significant contribution to rural entrepreneurship.

With the long-run trends of farmers working at a primary job off the farm and continuing to farm and the increasing complexity of the farming business, extension agents are very gradually moving toward building up skill bases in business so that rural entrepreneurs and rural small business owner-operators obtain help from them.

Rural Entrepreneurship Education Programs. One of the most effective programs has been that of vocational education in secondary schools and community colleges (26)(39). These educational institutions have done a good job of rural entrepreneurship education. The Future Farmers of America program has been pushing entrepreneurship in rural areas for more than a decade.

Although universities, state colleges, and private corporations have given support to the concept of rural entrepreneurship and its place in rural development, few efforts on rural entrepreneurship have been attempted in executive and management development programs. Graduate and undergraduate courses in entrepreneurship are frequently offered, but contain little information about rural entrepreneurship.

A UNIFIED PUBLIC-PRIVATE APPROACH TO RURAL ENTREPRENEURSHIP

At the present time, there is no single successful approach to the support of rural entrepreneurship. Indeed, there is little interrelationship between the many different types of programs that have been utilized to support rural economic development and rural entrepreneurship. Literally hundreds of industrial parks and research parks have been developed in small rural towns that do not have the infrastructure (governmental, educational, social, and economic, religious) to support the needs of potential companies. In many of these small communities, the infrastructure has been deteriorating for a long period of time. Rural cities and towns that have populations of 3,500 and above have been growing. Many cities and towns under this size have

become primarily bedroom communities for the rural cities and towns that have been growing. However, all of these cities and towns regardless of size have been attempting to lure businesses and entrepreneurs to their communities by many different techniques ranging from tax incentives to rent-free buildings to free space for new buildings. Most of these efforts have not been successful.

Since World War II, the infrastructure of these communities has been changing slowly. Economically, businesses have left the small communities ranging from the local dairy cooperative to the professional services (such as doctors, dentists, accountants, and attorneys) to the grocery store. Many have moved to larger communities that are a fifteen mile drive down the road. Rural banks are unable to lend sufficient capital to support the grand plans of the town government to fill the industrial or research park. In most of these rural areas (even in larger cities and towns), there are few venture capitalists to support new ventures of rural entrepreneurs. In terms of education, the local school boards have been consolidated into larger units for efficiency and effectiveness. Today, the social services have been consolidated into larger units. Even the state extension service in many states no longer operates on a county-by-country basis. Governmentally, there has been discussion of whether the county is viable unit in rural areas for more than a quarter of a century.

Therefore, the time has come for a unified public-private approach to focus upon what it would take to support rural entrepreneurship and rural economic development in light of the deteriorating infrastructure in smaller cities and towns. Such a unified focus would be possible only if governmental entities in rural areas began to work together with private companies to determine the "greater good" for the region rather than a given city or town or county. Everyone involved in these efforts should understand the goal or goals of the rural economic development effort and that the support of rural entrepreneurship or intrapreneurship is the foundation of that economic development effort.

A UNIFIED PROGRAM TO SUPPORT A UNIFIED APPROACH FOR RURAL ENTREPRENEURSHIP

Based upon the premise of the deteriorating infrastructure above, a unified program for rural entrepreneurship and the strengthening of rural economic development can be established. Assuming that leadership in four to ten county areas can lead the way to new infrastructures, rural economic development zones (REDZ) would be established at or very close to the center of the regional area (see Figure 2). This would be based upon the commute time for workers to the REDZ (normally considered to be one hour or less in most rural areas). By basing this upon commute time, the rural transportation system would be considered. REDZs would attempt to take an integrated approach to supporting rural economic development and rural entrepreneurship by eliminating duplicate programs or developing new agencies which do integrate some of the now diffuse services (e.g., business and technical services).

REDZs, as a significantly broader concept than the rural enterprise zone concept and the research park concept, attempt to integrate the tax and financial incentives as well as the incentives of being located in a research park. Moreover, the rural incubator is part of the REDZ core. The rural incubator would provide space for the new rural entrepreneur and the REDZ core would provide business support services (e.g., secretarial) and a multibank automatic teller machine for minimal banking services. The REDZ coordinator would encourage rural entrepreneurs to begin their operations in the incubator and would be the advisor on the special services unit, which would be available through telecommunications. The REDZ coordinator would also be working with both intrapreneur business opportunities and new plant operations by established agribusiness companies. These new agribusiness operations could also utilized the support services of the REDZ core.

Special service units would be set up on the basis of demand and geography. With the advent of computer tie-lines, telecommunications, and satellites, special services do not have to be located at every rural incubator and every REDZ. In most rural states, a special service unit would probably be set up at a centralized location. Accounting and legal services are frequently the services most needed by neophyte entrepreneurs. These services would be available by video-transmission. If the problem were more complex than could be answered through such interactions, an attorney or an accountant could be sent from the special service unit. Financial services and advising would also be available through the special services unit. Such services would consist of providing information about sources of capital, insurance, banking and financial institutions, and contacts with venture capitalists.

Business and technical services would be provided through an integrated service. Presently far too

many of our present management assistance agencies and programs can provide business information, but little or no technical information and our present technical and engineering services provide technical and engineering service, but little or no business information on how to handle marketing, financing, and operations. These services would be integrated and provided by request through the special services unit. This does mean that some of our programs would have to be far better integrated than in the past or they would be bypassed by new organizational units.

Lastly, educational services would be coordinated through the special services unit. These educational services would be provided through the Small Business Administration, community colleges, state colleges, and universities. Educational services would include both vocational and managerial courses. Courses in new ventures, starting a new business, and entrepreneurship could be offered on demand at the REDZs. Space would be used at the nearest educational unit.

Throughout this unified program, the various components could be offered by public or private units, depending upon the most efficient and effective way of handling a particular operation. Rural incubators could be publicly or privately handled. Many of the services provided in the REDZ core could be provided on a public or private basis. Certainly, special services could be handled on either basis.

CONCLUSION

In the next twenty-five years, rural entrepreneurship is going to become increasingly important due to the major shifts in our rural populations. Larger and larger farms will require that more and more farmers be employed in jobs off the farm even when they continue to farm less than optimal size farms. More and more families have become dual-career families. Therefore, rural entrepreneurs will have to provide the employment opportunities for literally hundreds of thousands of workers in rural areas in the United States.

By developing a unified approach for REDZs which encourages rural entrepreneurs and through that encouragement the development of strong rural economic development in the U.S., the rural economy will be strengthened. Based upon this unified effort, rural entrepreneurship programs and structures hopefully will be more efficient and effective in the future.

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TABLE 1
Research Typology on Entrepreneurship

I. Theoretical
  A. Theories of entrepreneurship
    1. Corporate
    2. Individual
  B. Frameworks
    1. Comprehensive
    2. Psychological
    3. Sociological
    4. Economic
    5. Political
    6. Social
  C. Definitions of entrepreneurship
  D. Models of entrepreneurship
II. Historical
  A. Corporate entrepreneurship
  B. Individual entrepreneurship
III. Environmental
  A. Macroenvrionment
    1. International
    2. National
  B. Microenvironment
    1. Urban
    2. Rural
IV. Organizational
  A. Business
  B. Government
  C. Nonprofit
  D. International
V. Functional
  A. Corporate entrepreneurship (intrapreneurship)
    1. Structure
      a. New venture formation
      b. Venture management
      c. Innovation
      d. Technology
      e. Public policy
    2. Behavior (total organization)
  B. Individual entrepreneurship
    1. Structure
      a. New venture formation
      b. Operations
    2. Behavior
      a. Careers
      b. Personal characteristics
      c. Job characteristics
VI. Future of entrepreneurship

Adapted from: Max S. Wortman, Jr. "A Unified Framework, Research Typologies, and Research Prospectuses for the Interface between Entrepreneurship and Small Business." *The Art and Science of Entrepreneurship*, eds. D. Sexton and R. W. Smilor. Cambridge, MA: Ballinger, 1986, pp. 278-279.

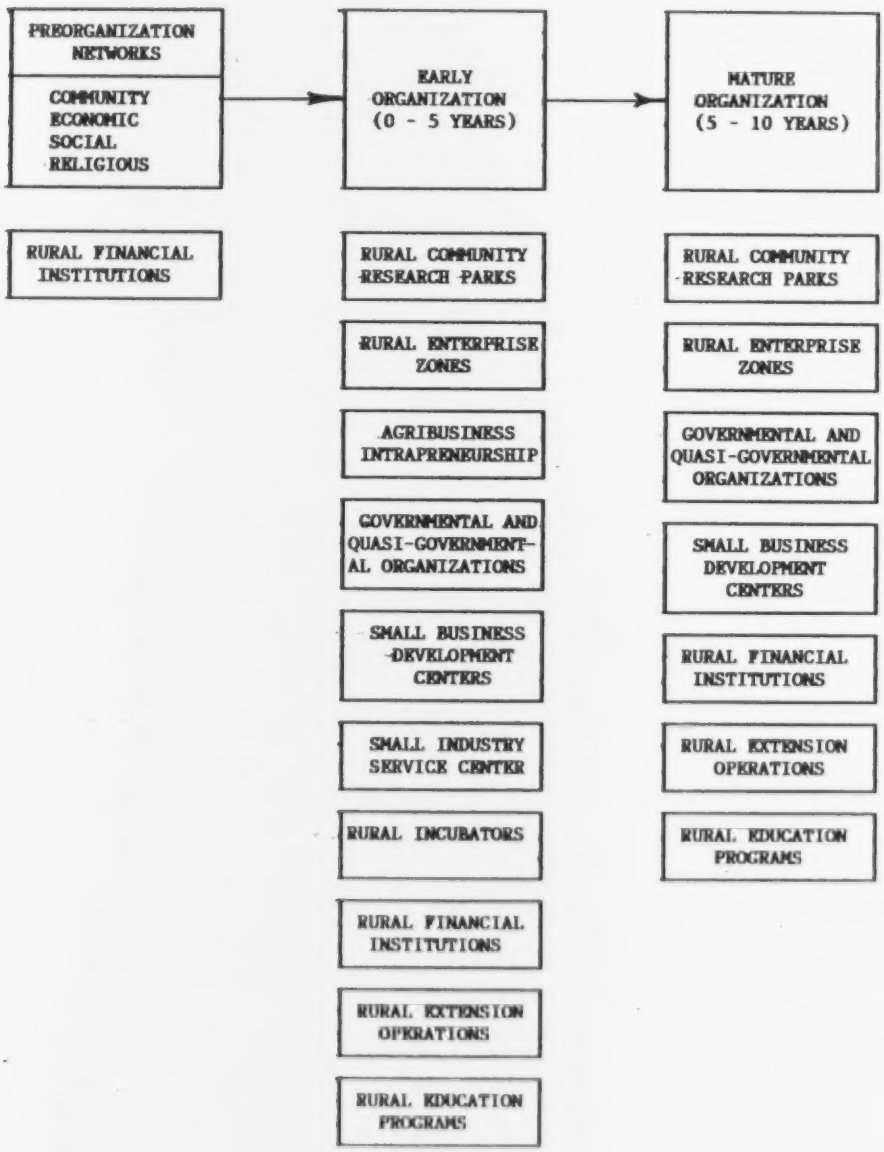

Figure 1. Current Supportive Strategies and Programs Related to Rural Entrepreneurs in Organization Stages

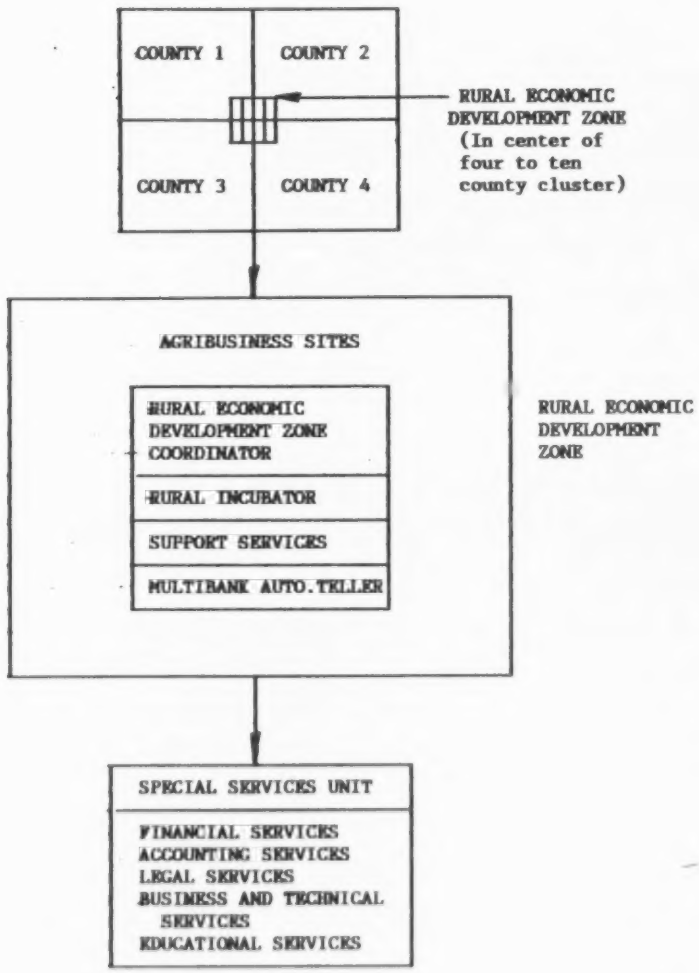

Figure 2. Linked Rural Economic Development Zones to Support Rural Entrepreneurship

THE USE OF BUSINESS PLANS BY RAPIDLY GROWING FIRMS

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ABSTRACT

This study investigates rapidly growing firms to gather information about the extent of and variables that are associated with business plan usage. Fifty percent of the firms reported that no plan was developed. Dependent relationships were established with business plan usage and two variables--initial firm size and entrepreneur's management experience.

INTRODUCTION

A business plan is a written document that describes important elements or components of a proposed venture. Authors of textbooks (3) (4) (7) and articles (2) (6) (8) encourage new-business owners and entrepreneurs to prepare a business plan for two reasons.

First, if a venture needs external funding, a business plan can be a source of valuable information for outside investors. In fact, some potential investors (venture capitalists, in particular) require that a business plan be available for their review.

A second reason for writing a business plan is that it can be used as an internal planning document. The argument here is that the process of preparing such a report--including gathering and analyzing relevant information--forces a person or team to be logical and critical regarding a venture's goals and plans. This exercise then should produce a more thorough venture evaluation than a quick feasibility analysis that usually is carried out earlier in the review/assessment process.

Given these two well known reasons for preparing a business plan, a natural question is: To what extent do individuals who start new ventures prepare business plans? Further, what characteristics or attributes, concerning not only entrepreneurs but, also, their ventures, are related to business plan usage?

Regarding possible relationships between venture characteristics and use of business plans, Ronstadt (7) suggests that high growth ventures (as compared to other start-ups) require a "formal" business plan because of the likely need for outside funding to finance the rapid growth. Also, Hisrich and Peters (3) argue that a business plan depth and detail depend on the size and scope of a venture. Under scope they include the type of organizational work technology--that is, manufacturing versus service.

Consider next the attributes of an entrepreneur that potentially are associated with business plan usage. Two possibilities are an entrepreneur's formal education and experience. These attributes are proposed based on studies conducted by Collins and Moore (1), Lamont (5) and Vesper (9). The research carried out by these authors focused on identifying factors that relate to success in a new venture; hence, they did not examine business plan usage specifically. But these studies suggest that an entrepreneur's education and experience might also relate to business plan usage.

The purpose of this study is to investigate small, rapidly growing firms in an attempt to gather information about: 1) the extent of business plan usage during the pre-start-up phase, and 2) possible relationships between business plan usage and each of the following variables: initial venture size, venture technology, entrepreneur's formal education and entrepreneur's prior management experience. The results of the investigation should be of interest to not only aspiring and practicing entrepreneurs, but, also, to entrepreneurship scholars/researchers.

METHOD

A sample was obtained from "The 1986 INC. 500" list of firms published in the December 1987 issue of INC., a monthly publication targeted to owners and managers of small, growing firms. INC. publishes a list of 500 firms every December. The 500 firms represent the fastest growing (of those firms that apply) privately held businesses in the United States based on percentage of sales increases over the past five-year period.

The five year period for "The 1986 INC. 500" firms is 1982-1986. Hence, 1982 is the latest year that firms could start and still be eligible for inclusion in

the 1986 list. But a good number started much earlier. In fact, 32 of the firms had 1972 or earlier as their start-up date. Because remembering facts about a firm's early years becomes more difficult the older a firm gets, these 32 firms were omitted from the survey. Twenty-six other firms were omitted because their mailing addresses could not be identified. Thus, only 442 firms were surveyed. For each firm a questionnaire was mailed to the CEO. One hundred twenty-one usable questionnaires were returned.

Questions from the survey instrument that are of interest for this study concerned business plan usage, firm size, type of organizational technology, founding CEO's formal education and founding CEO's prior management experience. Business plan usage was measured by asking if a pre-start-up, formal, business plan was developed. A business plan was defined as a written document summarizing start-up information about a venture idea including an industry analysis, a marketing plan, financial needs, key personnel, etc. The listed possible answers were: 1) no formal plan was developed, 2) a partial plan was created, and 3) a complete plan was developed.

The measure used for a firm's size was the number of employees (full-time) during the first year. The responses were categorized into two classes: at most four employees and five or more employees. Type of organizational technology was measured by asking CEOs to place their firms into either the "mainly manufacturing" class or the "mainly service" class. Information about a firm's founding CEO's formal education was obtained by categorizing responses into three classes: no college/university degree (included in this class are a trade school degree, some trade school or some college); college bachelor degree or higher with at least one degree in a business discipline; and college degree or higher with no degree(s) in a business discipline. Finally, a firm's founding CEO's management experience was measured by asking CEOs whether or not they had a prior, full-time, management position.

RESULTS

Response frequencies and percentages for the business plan usage question are presented in Table 1. As evident, 50% of the firms reported that no plan was developed during the pre-start-up phase, 32.5% stated that a partial plan was created and 17.5% said that a complete plan was developed. This sample information was not used to test a hypothesis about business plan usage because usage expectations or norms, from which to make comparisons, are not well established for either rapidly growing or other types of firms.

Tables 2 - 5 contain information (contingency table results) for the relationships between business plan usage and each of the variables being investigated in the study (size, technology, education and experience). To test for a dependent relationship in each case, the Chi-square test of independence was employed.

As shown in Table 2, the hypothesis that firm size (measured by number of full-time, first-year employees) is independent of business plan usage for rapidly growing firms is rejected (x^2 = 11.92; p = .0026). The nature of the relationship, as suggested by the cell results in the table, is that there is a greater tendency for business plans to be developed by larger firms (those with five or more employees) than smaller ones.

The hypothesis that organizational technology is independent of business plan usage for rapidly growing firms (see Table 3) is not rejected (x^2 = 1.63; p = .4426). Although some people hold the position, as Hisrich and Peters (3) suggest, that manufacturing firms are more likely to develop a formal business plan than service firms, the sample information does not support the belief.

Table 4 contains information on the relationship between a CEO's formal education and business plan usage. The hypothesis of independence between the CEO's education and business plan usage is not rejected (x^2 = 6.70; p = .1526). Thus, even though the opinion seems plausible that entrepreneurs who are college graduates in business are more likely to develop business plans than those with other educational backgrounds (i.e., a dependency exists), the data does not uphold the position.

Information on the relationship between a CEO's prior management experience and business plan usage for rapidly growing firms is presented in Table 5. The hypothesis of independence between these two variables is rejected (x^2 = 6.82; p = .0330). The cell results in the table indicate that entrepreneurs with management experience have a greater tendency to develop business plans than those who do not have management experience.

CONCLUSION

What are the implications of this study for aspiring entrepreneurs of rapidly growing firms? First, the

study helps establish norms for business plan usage. The results of the surveyed firms were that 50% did not develop a plan during their pre-start-up phase, 32.5% created a partial plan and 17.5% developed a complete plan. A second implication concerns variables that were related to business plan usage. Dependent relationships were found to exist with two of the four variables that were examined (the initial size of the venture and the founding CEO's management experience). The apparent nature of the dependency between size and business plan usage is: as the number of first-year employees increases, there is a greater chance that a formal plan will be developed. Also, entrepreneurs with management experience prior to starting their firms are more likely to use business plans than those without management experience.

Turning to implications of this study for entrepreneurship researchers, the result that 50% of the rapidly growing firms did not develop a plan was probably an initial surprise to many of these individuals. This result was unexpected because planning and business plan preparation are often viewed, in a normative or ideal sense, as important pre-start-up activities to help reduce the chance of business failure, especially for rapidly growing ventures. However, when considering the dependent relationships that were established between business plan usage and both a venture's initial size and a CEO's management experience, the observed usage percentages make more sense.

Recommended areas of future research include replications of this study to validate the results. Future studies might also extend this investigation and examine not just business plan usage during a firm's pre-start-up phase but, in addition, during the start-up and growth phases. Furthermore, these studies might examine whether it is external reasons, internal reasons or a combination of both that explain why firms develop a business plan.

Finally, for comparison purposes with rapidly growing firms, it would be useful to study business plan usage rates and variables related to usage in other types of new ventures (e.g., smaller, profit-oriented businesses).

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TABLE 1
Survey Results for Business Plan Usage:
Frequencies and Percentages

Response	Frequencies	Percentages
1. No formal business plan was developed	60	50.0
2. A partial plan was created	39	32.5
3. A complete plan was developed	21	17.5
TOTAL	20	100.0

Note: Of the 121 surveyed firms, 120 responded to the business plan usage question.

TABLE 2
Survey Results Classified by Firm Size and Business Plan Usage: Frequencies, Expected Frequencies and χ^2 Test

Firm Size (Employees)	Business Plan Usage: No Plan	Partial Plan	Complete Plan	Total
Four or less	42 (37)	26 (24)	6 (13)	74
Five or more	18 (23)	13 (15)	15 (8)	46
TOTAL	60	39	21	120

$x^2 = 11.91$ ($p = .0026$)

Note: 1) Firm size is measured by the number of full-time, first-year employees.
2) Of the 121 surveyed firms, 120 responded to both the firm size and the business plan usage questions.
3) Numbers is parentheses are the expected cell frequencies computed under the hypothesis of independence.

TABLE 3
Survey Results Classified by Organizational Technology and Business Plan Usage: Frequencies, Expected Frequencies and χ^2 TEST

Organizational Technology	Business Plan Usage: No Plan	Partial Plan	Complete Plan	Total
Mainly Manufacturing	15 (18.2)	14 (12.2)	8 (6.6)	37
Mainly Service	43 (39.8)	25 (26.8)	13 (14.4)	81
TOTAL	58	39	21	118

$x^2 = 1.63$ ($p = .4426$)

Note: 1) Of the 121 surveyed firms, 118 responded to both the organizational technology and the business plan usage questions.
2) Numbers in parentheses are the expected cell frequencies computed under the hypothesis of independence.

TABLE 4
Survey Results Classified by CEO's Formal Education and Business Plan Usage: Frequencies, Expected Frequencies and χ^2 Test

CEO's Formal Education	Business Plan Usage: No Plan	Partial Plan	Complete Plan	Total
No College/University degree	20 (16.5)	12 (10.9)	1 (5.6)	33
College bachelor degree or higher with at least one degree in business	20 (23.0)	15 (15.2)	11 (7.8)	46
College bachelor degree or higher with no degree(s) in business	19 (19.5)	12 (12.9)	8 (6.6)	39
TOTAL	59	39	20	118

$x^2 = 6.70$ ($p = .1526$)

Note: 1) Of the 121 surveyed firms, 118 responded to both the formal education and the business plan usage questions.
2) Numbers in parentheses are the expected cell frequencies computed under the hypothesis of independence.

TABLE 5
Survey Results Classified by CEO's Prior Management Experience and Business Plan Usage: Frequencies, Expected Frequencies and χ^2 Test

CEO's Prior Mgt. Experience	Business Plan Usage: No Plan	Partial Plan	Complete Plan	Total
No Experience	24 (17.5)	7 (11.4)	4 (6.1)	35
Experience	36 (42.5)	32 (27.6)	17 (14.9)	85
TOTAL	60	39	21	120

$x^2 = 6.82$ ($p = .0330$)

Note: 1) Of the 121 surveyed firms, 120 responded to both the management experience and the business plan usage questions.
2) Numbers in parentheses are the expected cell frequencies computed under the hypothesis of independence.

WOMEN ENTREPRENEURS: AN EXAMINATION OF DIFFERENT AGE GROUPS

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ABSTRACT

The purpose of this paper is to examine the emerging trend in female entrepreneurship by studying different age groups. Two groups of female entrepreneurs, one age 28 to 40, the other 44 to 59, were compared on educational and family background and work related variables. In comparing data from two distinct groups of self-employed women various characteristics are related to previous studies that have revealed differences in female entrepreneurs.

INTRODUCTION

A remarkable growth in entrepreneurship has taken place in the United States over the last decade. Women entrepreneurs are a large portion of that growth as they increasingly venture out on their own and, against tremendous odds, succeed. The progress of women in business can be measured in a variety of ways. Women's share of business ownership in the USA continues to grow. Aggregate statistics reveal that from 1977 to 1983, the number of women-owned businesses increased annually by 9.4 percent while the increase in men-owned businesses was only 4.3 percent. In addition, from 1980 to 1986, sole proprietorships owned by women rose from 2.5 million to 4.1 million--a 62.5 percent jump during a period when the number of male-owned businesses increased 33.4 percent. Also during that period, women-owned businesses' receipts nearly doubled, from $36 billion to $71.5 billion. Add the 433,000 sole proprietorships that are jointly owned by husbands and wives and the yet-unknown numbers of women-owned partnerships and corporations, and the figures on women-owned companies would be even higher.

The number of self-employed women has more than doubled over the last 15 years, and there is a growing trend in research in recent years to examine the reasons for this dramatic increase in female entrepreneurship.

Who are the women who select self-employment? The research on entrepreneurial characteristics in the past has concentrated on male entrepreneurs--probably because the majority of entrepreneurs were men. However, with the increasing number of female entrepreneurs, women are being studied for success and failure traits which might be useful in future venture opportunities. Examples of such studies include Schwartz, 1979; Humphreys and McClung, 1981; DeCarlo and Lyons, 1979; Sexton and Kent, 1981; Mescon and Stevens, 1982; Hisrich and Brush, 1983; Bowen and Hisrich, 1986; Chaganti, 1986; Scott, 1986; and Birley, 1989.

These studies concentrated on women entrepreneurs in order to establish the demographics and major motivations for starting a business. The results were remarkably similar to those of the studies of male entrepreneurs--the need for achievement and a desire for independence were predominant. Some of the demographic characteristics of female entrepreneurs found in these and other studies follow.

CHARACTERISTICS OF FEMALE ENTREPRENEURS

Many of the women who start their own business are older; the average female entrepreneur in 1977 was 52 years old (Bowen and Hisrich, 1986; Scott, 1986) found 55 percent of a sample of George female entrepreneurs were over 40 years old.

While most studies show a large percentage (up to 90 percent) of male entrepreneurs are married, a much smaller proportion of female entrepreneurs is married, with findings varying from 27 to 70 percent (Bowen and Hisrich, 1986; Stevenson, 1986).

Women entrepreneurs generally have more education than the average adult female. Several studies found that between 50 and 70 percent of female entrepreneurs have graduated from college (Humphreys and Clung, 1981; Mescon and Stevens, 1982; Hisrich and Brush, 1983).

There have been significant changes in the subject area in which these women have been educated. Hisrich and Brush (1985) report that 25 years ago women had predominantly liberal arts education

while today more women are studying business, engineering, and science. In fact, between 1971 and 1981 the number of women in MBA (Master of Business Administration) programs increased from 3.5 percent of total enrollment to more than 25 percent. Thus, the educational concentration for women has definitely shifted (Elgart, 1983).

It has been suggested that previous work experience interacting with other experiences may enhance or retard the decision to venture into one's own business (Cooper, 1981). The overall research on female entrepreneurs prior work experience is still inconclusive. Hisrich and Brush (1983) found that 67 percent of a nationwide sample of female entrepreneurs had previous work experience in their field. On the other hand, Watkins and Watkins (1983) found only 40 percent of a group of female British entrepreneurs had prior experience in their field, and 50 percent had neither prior managerial experience nor experience in their field. In a series of detailed case studies, Chaganti (1986) found that half of the women entrepreneurs considered had no prior experience in the field of their business. Hisrich and Brush (1984) found that women entrepreneurs felt that their finance skills--securing capital, forecasting, budgeting--were weak (47 percent appraised themselves as "poor" or "fair").

On the other hand, in studies involving entrepreneurs in general or exclusively male entrepreneurs, we often find more relevant skills and experience. Hisrich (1986) summarizes a series of findings as follows:

". . . for men, the transition from a past occupation to the new venture is often facilitated because it is an outgrowth of a present job, sideline, or hobby. Women, on the other hand, often leave an occupation with only high level of job frustration and enthusiasm for the new venture rather than experience, making the transition more difficult" (p. 69).

PROBLEM AREAS

All entrepreneurs face numerous problems in the starting and managing of their venture. Hisrich and Brush surveyed the start up problems that women entrepreneurs encountered most. They found that lack of business training, obtaining lines of credit, and lack of financial planning experience headed the list with more than 25 percent of the women listing each of these.

Indeed, Buttner and Rosen (1988) found that bank loan officers perceive that characteristics for entrepreneurial success are more commonly ascribed to men rather than women. Their results, based upon 106 bank loan officers, are consistent with the evidence that female entrepreneurs have difficulties in obtaining capital. Likewise, lack of experience in financial planning is listed as the most frequently encountered problem in current operations (Hisrich and Brush, 1984). Thus, the financial areas are repeatedly the largest problem for women. Two key reasons for this may be 1) a lack in business training which leads to a deficiency in understanding the financial side of business, and 2) not enough experience in the financial area.

Motivation of Female Entrepreneurs

Hisrich (1986) compares the reasons of male and female entrepreneurs to start their own business. He finds that the departure point for males is dissatisfaction with the present job, a sideline in college, sideline to the present job or an outgrowth of the present job, discharge or layoff, or opportunity for acquisition. For women, the departure point is job frustration, interest in and recognition of opportunity in the area, and change in personal circumstances (p. 70).

Thus, there are differences. Personal circumstances often make self-employment an attractive choice for women because it allows them to work out of the home or schedule working hours to coincide with available child care. Linda L. Neider, for example, conducted a small survey of 52 women business owners in Florida and found that 69 percent of her sample of business women had been divorced. These same circumstances often make a service or retail business the most attractive because it can be started with less initial capital and does not require a large amount of training in an area the woman is not already familiar with. For example, 92 percent of Neider's women were in the service sector (Kleiman, 1986).

COMPARING TWO GENERATIONS OF FEMALE ENTREPRENEURS

Much of the research on self employed women ". . . presents the "Typical" female entrepreneur, therefore missing the diverse nature of female entrepreneurship, and reinforcing stereotypes" (Stevenson, 1986). Birley (1989) contends that all of the background data on women entrepreneurs ignores the more subtle factors of differences in cultural conditioning and experiences.

The women who make the decision to open their own business today are a very diverse group because

the social, economic and cultural environment has changed dramatically over the last 25 years, and the motivating factors may differ depending on educational background and values assimilated during the formative years. Hisrich (1986) points out some of the differences. Twenty-five years ago women had liberal arts education; were expected to marry, have children and take care of their families and support their husbands; occupational stereotypes were common--president = male, secretary = female, etc.; the economy was manufacturing oriented with an emphasis on the producers of goods rather than services.

Today more women are studying business, engineering, and science. Marriage and children are often postponed, divorce rates have increased, and there are more single parent families. Marriages are more likely to be considered a partnership where family responsibilities are shared. Women have entered more fields, and legislative changes have opened more careers for women. Finally, the economy is more service oriented than 25 years ago (Hisrich, 1986, p. 70-71).

With this change in the environment, one model cannot be expected to explain the trend toward entrepreneurship for all women. Therefore, a series of models may be necessary to explain the diversity of findings concerning female entrepreneurs. Women who grew up before or during World War II may seek to be self employed for a different set of reasons than women who finished their education and entered the labor force in the 1970s; they may enter different types of industries, and they may spend more time to make their business succeed.

The purpose of this study was to compare two groups of women--one 45 to 59 years old in 1982, the other 28 to 39 years old in 1982. In order to examine differences in generations of women entrepreneurs, all of the women owned businesses; some had incorporated the business, others had not. If the environment during the formative years affects women's decisions to become self employed, each group of women should have more in common with the women in the same age group who are not self employed than with the self employed women in the other age group. If there are enduring traits which make a woman seek to own a business, then both groups of self employed women should be similar to each other, but different from the women in their age group.

SOURCE OF DATA

The data for this paper are taken from the National Longitudinal Surveys of Labor Market Experience (NLS) tapes. The samples were "designed to represent the civilian noninstitutional population of the United States at the time of the initial survey" (NLS Handbook, 1987, p. 5). The cohorts used were the Mature Women (age 30 to 44 in 1967) and the Young Women (age 14 to 24 in 1968).

From these tapes, those women who, in 1982, owned a nonfarm business (incorporated) or a farm or nonfarm business (not incorporated) were selected as the entrepreneurial samples. All other women in each cohort formed the comparison group. The year 1982 was selected because it was the most recent year in which both groups were surveyed.

While previous studies have started with a group of women entrepreneurs, usually in one location, and attempted to find common traits which set them apart from other women at that time, this study takes a different approach. The women are part of a carefully selected nationwide sample, "representing every state and the District of Columbia" (NLS Handbook, 1987). The full sample was selected before women made the decision to become self employed, in most cases. Since surveys were conducted with the same groups repeatedly (every one to two years), it is possible to see changes in circumstances and their impact on the decision to own a business.

The following section contains results of this study which focus on women who owned a business in 1982. While the richness of the data base is not fully utilized at this time, the analysis of this subset of the data provides some interesting results.

RESULTS

The two cohorts were compared on four sets of characteristics: educational background, family situation, attitudes, and work related variables. The results will be reported in that order.

Table 1 shows the educational attainment of both cohorts, broken down by those who own a business (entrepreneurs) and those who do not (others). Analysis shows that both groups of entrepreneurs have a significantly higher education than the comparison groups ($p < .01$, contingency table analysis). This is consistent with findings from other studies listed earlier.

However, we also see a difference between the younger and older cohort of entrepreneurs. The average education is 13.5 years for the younger group, 12.1 years for the mature group ($p < .01$). Whereas 30 percent of the younger entrepreneurs have a least a 4-year degree, only 14 percent of the mature women entrepreneurs have graduated from college. Thus, we do see a trend toward higher education in the younger group, as expected.

Field of study would be another interesting variable to compare. However, there are apparently more women who gave a field of study than actually attended college so that these data have to be considered with caution. From the available data it appears that 49 percent of the young entrepreneurs majored in either education or fine and applied arts (two most common fields). For the mature entrepreneurs, the two most common fields--accounting for 42 percent of the group--are business and management and fine and applied arts. With this particular sample, the predicted shift to more technical fields has not occurred. The total young women-sample is very traditional in its choice of majors--39 percent majored in education. The older women have more diverse majors: 21 percent business and management, 22 percent education, 11 percent health professions. These results would most likely be different if a sample of female entrepreneurs were considered who attended college in the 1980s instead of the 1970s.

In addition to schooling, on-the-job training may provide the needed skills to open a business. Very few of the women did participate in on-the-job training programs. The entrepreneurs of both cohorts do so to the same extent as their entire age group. However, there is a significant difference between the younger and older cohort: 32 percent of the younger entrepreneurial group participated in on-the-job training programs in the 3 years before the 1982 survey as compared to only 12 percent of the mature women. Thus, overall the preparation with training and formal education is better for the younger entrepreneurial cohort, and both groups of entrepreneurial women are better educated than their age group.

While other studies found that fewer female entrepreneurs are married, the date in the NLS survey do not confirm this. Table 2 shows marital status for the young and mature women, broken down into entrepreneurs and others. A significantly higher number of entrepreneurs are married than of nonentrepreneurial women. Not surprisingly, a large percent of the younger age group have never married; however, that does not hold true for the entrepreneurial group. On the other hand, the mature group has a larger percentage of widows than the younger group, which could be expected also.

In 1982, the young entrepreneurs were between 28 and 40 years old. Many can be expected to have school age or even preschool children in the home. The mature women were between 45 and 59 years old. Although some could still have school-age children, we would expect a smaller number of dependents in that age group.

The data confirm these expectations. In the younger group, 45 percent have no dependents, and the others have an average of 2.4 dependents. In the older group, 52 percent have no dependents, and the others have an average of 1.8 dependents. Thus, responsibility for childcare may be more of a motivator for younger women to seek self employment than for older women.

Changes in attitudes toward provision of childcare can be seen in the two groups: 55 percent of the younger entrepreneurs share childcare responsibility (higher than in the remaining cohort, 41.5 percent). In the mature group, only 13 percent share childcare responsibility, both for entrepreneurs and others. Thus, the younger women may be able to invest time in a business because they are no longer solely responsible for childcare. In the older group, this issue is, of course, much less salient due to the smaller incidence of small children in the household. Another variable which may affect the choice of self employment for the mature women is the health of their husband. Since most of them are married, they may have expected to be provided for, but may suddenly find that is no longer the case as the husband's earnings capacity decreases. In the NLS sample, 30 percent of the mature entrepreneurial group have husbands whose health limits the amount and kind of work they can do. This is more than in the rest of the mature sample (27 percent). Only 2 women in the younger entrepreneurial group have a husband with health restrictions. Thus, this family circumstance may affect the mature women to a larger extent and be one of the motivating factors that makes them seek self employment.

Another question to be explored is whether younger women make different choices with respect to industry, time spent in the business, occupation, and whether the outcomes--as measured by income from the business--differ.

The data show that the more mature women spend significantly ($p < .01$) more time in their business

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than the younger women (36 vs. 31 hours). This might indicate that the younger women--who are predominantly married and have children--see the business as a parttime venture; it might also indicate a different type of business or more efficient work methods.

Table 3 shows the type of industry for the younger and mature entrepreneurial groups. The distributions are significantly different (chi square 26.44, $p < .01$). In the industries with a fairly large number of respondents, mature women are overrepresented in wholesale/retail trade, younger women are overrepresented in professional and related services and business and repair services. This is consistent with expectations: wholesale/ retail trade requires less education and training than professional services, and the younger women are better educated, as we have shown earlier. This may also explain the fact that the mature women spend more time in their business--professionals have more control over their time, whereas trade requires adherence to certain hours to be competitive.

Finally, the younger group of entrepreneurs is also financially more successful than the mature group. The average income of the younger group ($4721.70) is significantly higher than that of the mature group ($2702.85). These figures are deceptive because they include businesses who only broke even or lost money in their venture. For those who made money, the average income for the young women entrepreneurs is $6643.26 and for the mature women $5944.83. Four women in the younger cohort have an income of $50,000 or above; none of the women in the mature cohort have an income exceeding $40,000. Thus, the younger women as a group do appear to do better than the mature women.

SUMMARY

For this paper, we have compared two groups of women who owned a business in 1982 for the purpose of examining differences or trends: 219 women 28 to 40 years of age, and 193 women 44 to 59 years of age. In two respects, both groups of entrepreneurs differ from the other women in their age group: a larger percentage is married, and they have achieved a higher degree of education, both measured in average years completed and percent of women with college degrees and graduate studies.

In other respects, the younger entrepreneurs differ from the mature women: they are better educated (average education includes at least some college, and 30 percent hold a four-year degree); they are predominantly married (over 85 percent), more than half have children in the household; they have sought out on-the-job training to a larger extent. The more mature group has, to a larger extent, seen a change in circumstances with husbands whose earning power is diminished through health problems. Due, possibly, to differences in training, the younger women have, on the average, a higher income and spend less time at their jobs.

To understand better what triggers the decision to become self employed, it will be necessary to look at longitudinal data and see whether changes in health, marital status, or number of dependents may precede a change in employment status. This will be the next step on our research agenda.

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TABLE 1
Years of Education Completed

Years Completed	Young Women Entrepreneurs	Young Women Others	Mature Women Entrepreneurs	Mature Women Others
< 12	16 (8%)	676 (19%)	45 (24%)	1300 (35%)
12	86 (43%)	1713 (48%)	91 (49%)	1629 (44%)
13 - 15	39 (19%)	595 (17%)	24 (13%)	430 (12%)
> 15	61 (30%)	609 (17%)	27 (14%)	341 (9%)

TABLE 2
Marital Status

Status	Young Women Entrepreneurs	Young Women Others	Mature Women Entrepreneurs	Mature Women Others
Married	187 (85%)	2238 (65%)	193 (81%)	2297 (69%)
Widowed	2 (1%)	37 (1%)	16 (8%)	388 (12%)
Divorced	17 (8%)	447 (13%)	14 (7%)	348 (10%)
Separated	6 (3%)	209 (6%)	3 (2%)	169 (5%)
Never Married	7 (3%)	484 (14%)	4 (2%)	147 (4%)

TABLE 3
Industry Group of Business

Industry Group	Young Women Entrepreneurs	Mature Women Entrepreneurs
Agriculture, Forestry, Fisheries	17 (7.8%)	14 (7.3%)
Construction	2 (.9%)	3 (1.6%)
Manufacturing	7 (3.2%)	14 (7.3%)
Transportation, Communication, Public Utilities	1 (.5%)	9 (4.7%)
Wholesale, Retail Trade	54 (24.8%)	66 (34.4%)
Finance, Insurance, Real Estate	9 (4.1%)	5 (2.6%)
Business, Repair Services	30 (13.8%)	15 (7.8%)
Personal Services	46 (21.1%)	41 (21.4%)
Entertainment, Recreation	8 (3.7%)	2 (1.0%)
Professional, Related Services	42 (19.3%)	23 (12.0%)
Public Administration	2 (.9%)	0 (0.0%)

99

COMPETITIVE

PAPER

ABSTRACTS

ENTREPRENEURSHIP EDUCATION RESEARCH: CURRENT TRENDS AND METHODS

Christine Borycki
University of North Texas

This paper examines the trends and methods of entrepreneurship education from 1984 through 1988. It analyzes the coverage of entrepreneurship education in four publications aimed at small business and entrepreneurism: American Journal of Small Business, Journal of Small Business Management, Proceedings of the Small Business Institute Directors Association, and Frontiers of Entrepreneurship Research. Thirty one articles are categorized by types of organization studied, sample size, research method, issues studied, and content of the study. The issues studied are diverse, but seem to cluster around the practical issues of curriculum and teaching styles. No obvious trends appeared in the issues studied over the course of the five years analyzed. No research methodology dominated, but survey/questionnaire was used most often.

Much of the research reviewed for this analysis contributed little to the advancement of practice or theory of entrepreneurship education. Good data as opposed to convenience samples should be a basic objective of researchers. Thorough case studies of various entrepreneurship courses and curricula should be conducted and their effectiveness determined so as to develop successful models on which to base new courses and curricula. A comparison study of entrepreneurship-specific courses versus general business courses with some entrepreneurship should be conducted in order to determine the more effective way of educating entrepreneurs. Effectiveness should be measured both as a cost faactor to the school as well as the relative contribution to the entrepreneur's success.

AN EXAMINATION OF CORPORATE ENTREPRENEURSHIP: NEEDS AND STRATEGIES

DONALD F. KURATKO
BALL STATE UNIVERSITY

ABSTRACT

All of the strategies suggested in this paper lead to a wide variety of possibilities for intrapreneurial activity to take place. Thus, a continuum is presented to look at the dimensions of intrapreneurial activity.

The continuum presents ventures that may be considered corporate assigned projects, since they usually have a great deal of corporate control and commitment by the corporation, and then progresses through Management by Objectives Projects, Strategic Team Projects, and Corporate R&D Projects, based upon the increase of individual autonomy and decrease in corporate control.

The degree of project control and corporate commitment will be pulling certain projects towards greater corporate control and, thus, assignment and supervision. The need for autonomy and freedom to run the project will be pulling other projects towards the ideal intrapreneurship--completely self appointed champions of new venture development.

In between the two extremes can exist various forms of intrapreneurial activity. Projects that seem semi-intrapreneurial (due to freedom given to an individual project leader) are all within the scope of entrepreneurial behavior. If not, then very few companies would ever seek to try. Intrapreneurship is a risk and it has to start somewhere--sometimes small and corporate controlled. But if it starts, there is the likelihood of growing up the continuum. People become more comfortable with the idea, confidence builds, results occur, and soon the first corporate assigned projects evolve into more autonomous ventures that reach farther out before being required to report into administrative structure. This is a realistic evaluation for companies and managers to be aware of.

HOW CONSULTANTS CONTRIBUTE TO NEW VENTURE AND SMALL BUSINESS DEVELOPMENT

James J. Chrisman, University of South Carolina
Alan L. Carsrud, University of Durham & University of Southern California

This paper investigates how a sample of 123 pre-venture and 76 established business clients perceive the value of the strategic, administrative, and operating assistance provided by the Small Business Development Center. It was expected that pre-venture clients would be more inclined to seek strategic assistance than established business clients and would find such services more valuable. Established business clients were expected to receive more administrative and operating assistance than pre-ventures and perceive it to be more valuable. Chi-square tests of independence and discriminant analysis were used to examine the hypotheses.

Pre-venture clients received significantly more strategic assistance than established business clients. There were, however, no significant differences in the amounts of administrative and operating assistance received by the two groups of clients. More importantly, for both groups of clients our results indicate that those who received strategic assistance perceived the value of outsider consulting services to be more valuable than those who did not. Our findings also suggest that clients benefit most when outside consultants provide them with a synergistic balance of strategic, administrative, and operating advice.

ABSTRACT

Opportunity: The Neglected Concept in Entrepreneurial Management

Thomas C. Neil, Ph.D.
Associate Professor
Clark Atlanta University
Graduate School of Business Administration

Individuals who start businesses are assumed to be very resourceful and success oriented. In attempts to understand the behavior of these individuals, research has focused on their risk propensity. Their willingness to experience a loss. Only recently, has this focus been questioned. Instead of emphasizing risk orientation, there is a need to understand opportunity orientation.

A preliminary study was done on sixty small business owners in the quick print, floral or residential real estate business. These individuals were asked structured questions focusing on their perception and response to opportunity. Almost all the business-owners described an opportunity as an unexpected, positive challenge very few of the business-owners had mechanisms in place to identify potential opportunities similar to what they had for problems. Opportunities were perceived as customer driven and, therefore, basically beyond the control of the business-owner. Suggestions for further research as well as for ways business-owners can develop an opportunity orientation are presented.

PATTERNS OF ORGANIZATIONAL STRESS IN THE GROWING ENTREPRENEURIAL FIRM: A TEST OF THE ORGANIZATIONAL LIFE-CYCLE HYPOTHESIS

G. RUSSELL MERZ,
EASTERN MICHIGAN UNIVERSITY

VIVIAN WATKINS,
EASTERN MICHIGAN UNIVERSITY

ABSTRACT

This paper reports the results of an exploratory research study that examined the sources and manifestations of organizational stress within growing entrepreneurial firms. The thrust of the analysis concerned an evaluation of the premise that all small firms exhibit similar patterns of stresses as they grow. Multiple item scales derived from previous research studies provide measures of twelve aspects of organizational environments often related to growth stresses in the small business literature. The scales measured four major components of the firms internal environment, 1) the organizational climate, 2) the supervisory style, 3) work group relations, and 4) role perceptions. Additionally, Flamholtz's (1986) "growing pains index", attitudes toward the CEO, and various performance indicators (employment and sales growth over five years and perceived performance improvement) were measured. The number of items in each scale ranged from 2 to 10 with alpha coefficients ranging from 0.58 to 0.87 and averaging 0.70. The data were collected via personal interview questionnaire from 294 senior level managers in 168 growing enterprises. The application of MANOVA, cluster and discriminant analysis revealed five stable and significantly different groups of firms, each with dissimilar patterns of stress relationships. An evaluation of the various patterns indicates that while firms in some clusters show relationships consistent with normative guidelines in terms of how growth should be managed, other cluster patterns were clearly divergent while still exhibiting similar growth performance characteristics. The results suggest that entrepreneurial firms seem to pursue at least five different paths for managing growth and raising questions about the accuracy of life-cycle models which suggest the same events and stresses for all firms. Future research in this area needs to include a broarder range of possible explanatory variables such as CEO personality and leadership style, and external environmental demands.

PERCEPTIONS OF BOARD INFLUENCE IN INC. 500 FIRMS: A FACTOR ANALYSIS

Roger H. Ford, James Madison University
H. Richard Priesmeyer, James Madison University

ABSTRACT

A growing body of literature asserts that privately-owned firms can benefit by having a working board of directors with outside board members. This study examined board members' and chief executive officers' perceptions of board influence in Inc. 500 firms. Surveys using Likert-type scales were designed and sent to chief executive officers and board members of firms listed in the 1982-84 Inc. 500. Final usable surveys consisted of 325 from the CEO surveys (56%) and 91 from board members (73%). The general thesis tested was that boards with outside directors would have higher levels of influence than would boards of strictly inside directors. This thesis was designed to test the basic theme of "outside director" superiority which has appeared frequently in management literature.

Although the surveys probed several variables related to the activities of the boards, such as strategic planning, budgeting, management succession, crisis management, etc., factor analysis confirmed that these variables were in fact measuring several dimensions of a single factor which the authors termed "board influence."

The survey results were divided into four data sets: CEOs with inside boards, CEOs with outside boards, board members of inside boards, and board members of outside boards. Factor analysis of the seven dimensions (variables) of board influence in each of these data sets resulted in extraction of a single factor with almost equal factor loadings on each variable.

The general thesis that boards with outside members wield higher levels of influence than do boards composed strictly of insiders could then be expressed as four alternate hypotheses which would be tested by comparing the index values of the data sets:

H1: CEOs with outside boards will perceive the influence of their boards as greater than that perceived by CEOs with inside boards.

H2: Board members on outside boards will perceive the influence of their board as greater than that of board members on inside boards.

H3: CEOs with inside boards perceive the influence of the board no differently than board members of inside boards.

H4: CEOs with outside boards perceive the influence of the board no differently than board members on outside boards.

The results of the study did not support the thesis, and, in general, provides empirical evidence for an opposing opinion regarding the value of outside boards and directors to privately-owned firms. Several propositions for the findings are offered by the authors.

WORKSHOP

ABSTRACTS

TITLE: "BE ALL THAT YOU CAN DREAM"

PRESENTER: Lawrence Pfrogner
Curriculum Supervisor
Lorain County Joint Vocational School
15181 Route 58S
Oberlin, Ohio 44074

PROGRAM DESCRIPTION:

What began as a school effort to give vocational students a "taste of entrepreneurship," has made its creators feel like successful entrepreneurs themselves. After developing the all-day entrepreneurship simulation for senior vocational students, we've now adjusted and/or duplicated the workshop for over 1000 elementary, gifted, college, ethnic, and adult participants. Students spend five action-packed hours creating, constructing, and critiquing all aspects of their own specialty shops in their own personally designed mall.

GOALS . . .

- to introduce students to the components of entrepreneurship
- to provide an opportunity for students to evaluate whether or not entrepreneurship is right for them
- to involve students in problem solving and group dynamics situations
- to develop insights into management decisions that will result in more positive employee characteristics

BLACK ENTREPRENEURSHIP: UNEXPLOITED ETHNIC AND INSTITUTIONAL RESOURCES

Edward D. Bewayo, Montclair State College, Upper Montclair, NJ

Forest M. Pritchett, Seton Hall University, South Orange, NJ
President, Pritchett Industries, Morristown, NJ
Exec. Secretary, NJ United Minority Business Brain Trust Inc.

Richard M. O'Daniel, Norfolk State University, Norfolk, VA

There are over 27 million blacks (African-Americans) in the United States. The black population in the U.S. (bigger than that of most independent nations) purchases and consumes over $200 billion worth of goods and services annually (again a figure much higher than the gross national product of most independent countries). Blacks in the U.S. mostly live in black neighborhoods. There is a strong and highly influential black church. Traditionally, blacks have faced discrimination practically in all sectors of the economy, if not society.

All of the above-mentioned conditions, even those which appear to be negative, can and should be used to propel an accelerated rate of growth of black-owned and operated businesses, in virtually all sectors of the economy. These same conditions have been instrumental in the acceleration of black participation in politics.

The question, of course, is why have not these conditions brought about an acceleration of black entrepreneurship so far, and how can they be made to bring about such an acceleration in the future? More specific questions or issues include:

* What are the chances of involving the black church in economic activities more than it is presently involved?

* Why have not other black economic institutions such as black banks led to a boost in black entrepreneurship?

* What about creating additional black economic-oriented infrastructural institutions such as cooperative buying schemes, and training institutes for black entrepreneurship?

* What can we learn from other minorities who have faced similar conditions, and have used such conditions to grow economically?

Answering these questions, in and of itself, may not do much for black entrepreneurship, but assuming that they should be asked and answered, it is a worthwhile exercise.

CONSULTANTS TO SMALL BUSINESS: OPPORTUNITIES AND CHALLENGES

Dale B. McMillin
Ohio Psych Consultants, Inc.

A consultant whose primary market is the small business or entrepreneur must be sensitive to the entities' challenges: e.e., rapid market shifts, low overhead, "multi-hats" worn by management, the external forces that impact the business, barriers to entry and the "ego drive" of the owner.

This panel discussion will address how the consultant must behave to gain endorsement of the client, how a consultant is chosen by the small business manager, the need for availability by the client, and what is the difference in marketing to a small/medium-sized entity versus a large system.

Panel: *Consulting Issues: Pitfalls & Rewards.*

Panel Chairman: *Prof. Barry Farber*
Professor of Business Administration
University of Maine at Augusta
Augusta, Maine

Speakers:

1) *"Pricing The Consulting Job"*

Anita White
Regional Manager
David M. Griffith & Associates, Ltd.
Northbrook, Illinois

2) *"Marketing Do's & Don't's"*

Dr. Carol Matteson
Dean of the College of Business
Bloomsburg University
Bloomsburg, Pennsylvania

3) *"What Assistance Can You Get For Free"*

Joan Gillman
Director SBDC
University of Wisconsin-Madison
Madison, Wisconsin

4) *"Selecting and Using Boards of Directors and Quasi Advisory Boards as a Consulting Resource"*

Dr. Alan C. Filley
President of USASBE
& Wisconsin Distinguished Professor of Management
University of Wisconsin-Madison
Madison, Wisconsin

CREATION OF A BUSINESS IMAGE: A STRATEGY FOR ENTREPRENEURS

Authors:

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Abstract:

To be successful, a business must create a distinctive, clear and consistent image. This can present a challenge to even the most creative entrepreneur. A new business is at the perfect point to begin the process of building its image and once established, this image should permeate all products and services offered by the company. In the customers' mind, the business is placed in a niche relative to its competitors based upon perceived image of the business. Once it is firmly planted in the customers' mind, it is extremely difficult to break out of this niche.

Image is a concept of someone or something that is held by the public or the character projected by someone or something to the public. Quality, customer service, fair price, and family oriented are a few of the many potential images a business can project. Image has two sides: what is being projected and what is being perceived. If a business does not fit the customer's self-image or does not offer to meet their needs they will go elsewhere. Image is what makes a potential customer a purchasing customer. Image is part of a bottom line.

The process of building an image begins with the business. This creative challenge is a matter of defining the business and what and how this is to be projected to the customer. This session will feature four "levels" of image building. Participants will discover how to use sensory stimuli to transfer a desired business image, status, and state to the customer.

CURRICULUM DEVELOPMENT IN ENTREPRENEURSHIP

Presenters:

Dr. Charles H. Davis
University of Northern Iowa

Dr. Gerald E. Hills
University of Illinois-Chicago

Dr. D. Ray Bagby
Baylor University

Dr. Cathy Ashmore
The Ohio State University

Dr. Wayne Long
University of Calgary

Entrepreneurship is exploding across today's college campuses. Additional interest, instruction, and learning is taking place in programs at the high school and technical training levels. However, the content of what is taught under the heading of "entrepreneurship" may vary significantly. For example, "free enterprise" may compose a significant portion of the curriculum at certain institutions or levels, while others may focus on the "managerial" implications of entrepreneurship. Still other programs may teach entrepreneurship from a "process" orientation. New text material is springing up on a variety of topics from Entrepreneurial Behavior (Bird) to New Venture Strategies (Vesper).

This broad spectrum of offerings may not be unusual of newly emerging disciplines in academe. However, it is important that as a discipline matures, general agreement or concensus emerge as to what underlying foundations exist for the discipline and what basic curricula needs exist. This type of understanding is essential to disciplines that have relevance at a variety of educational levels, ie: high school, technical, undergraduate, graduate.

The focus of the proposed workshop is to:

- Review the underlying conceptual foundations for entrepreneurship as an academic discipline.
- Evaluate the theories of how the concepts of entrepreneurship can be most effectively communicated.
- Note where commonalties exist in the curricula currently being offered.
- Provide insight into where leaders in the field think the field of entrepreneurship should be headed.

From this review and discussion, hopefully a more comprehensive understanding of where entrepreneurship is and is likely to go will be developed. There may even be suggestions as to likely coursework to be developed in the near future, as well as experiential exercises that would aid in the ability of educators to communicate entrepreneurial concepts.

EASTERN CARIBBEAN INVESTMENT PROMOTION SERVICE WORKSHOP

The Main Objectives of the Workshop

- To inform participants of investment opportunities in the Eastern Caribbean
- To expose participants to the existence of a number of agencies and programs in the United States which offer financial and technical support to persons who wish to conduct business in the Eastern Caribbean
- To familiarize participants with the incentives and numerous advantages of doing business in the Eastern Caribbean

Outline of ECIPS Workshop for

October 9, 10:45 - 11:45 am

10:45 am Presentation of Investment Opportunities in the OECS countries: Antigua/Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and the British Virgin Islands

Moderator - Dr. Michelle Spain, Executive Director, MCAP, Cleveland

Panelists:

"Services ECIPS Offers to U.S. Investors and an Overview of The Eastern Caribbean Opportunities Zone"

Ms. Kathleen Tuitt, Investment Promotion Officer

"Experience of Caribbean Electronics Ltd. of Doing Business in the Eastern Caribbean"

Mr. George Kimble, President, Caribbean Electronics

"Financial & Technical Assistant Services Offered by U.S. Agencies--Doing Business in the Eastern Caribbean."

Mr. Jeff Jackson, Consultant, DAC International

11:30-11:45 Question and Answers

ENTREPRENEURSHIP EDUCATION WINNERS FROM KINDERGARTEN TO COLLEGE

Betsy Schwammberger, Chair
National Federation of Independent Business

The NFIB Foundation annually recognizes outstanding educators and programs for their enterprise, creativity, and achievement in entrepreneurship and free enterprise education. During today's luncheon program, the 1989 winners from Ohio will receive their awards. Afterwards, the winners will explain their innovative programs in a session moderated by The NFIB Foundation's Manager of Education and Awards Betsy Schwammberger.

Learn more about The NFIB Foundation's Awards Program and meet this year's winners:

Gary L. Benson, Ph.D., Monus Entrepreneurship Chair, Youngstown State University, Youngstown, Ohio

YSU's "Secondary School Initiative" is designed to teach young people about the values and benefits of the free enterprise system and the risks and rewards of entrepreneurship as a career alternative. Dr. Benson will highlight several components of this initiative: The YSU Bootcamp for Teenagers, Teaching Entrepreneurship and Free Enterprise in Secondary Schools, Young Entrepreneurs Association, and The YSU Entrepreneurs Fellows Program.

Marjorie Shapiro, Adviser, Dyke College Students in Free Enterprise Chapter, Cleveland, Ohio

Students participating in SIFE chapters bring free market economic education programs to others in their community. Last year, the 18 members of the Dyke College SIFE team reached more than 500 grade school children and approximately 350 high school students. Student team members will explain two of their most popular programs: "Buttons for Business" stimulated grade school students to become entrepreneurs and "Entrepreneurship: Working for You!" was produced by high school students who interviewed local entrepreneurs.

Ginny Arthurs, Chris Gides, Joanne McHenry, Therese Pflaum, and Betty Woods, Kindergarten Teachers, Greenwood Elementary School, Greensburg, Ohio

In their elementary school, 246 kindergarteners participated in a simulated business experience working in Kinder Candy Company. Economics was integrated into their daily learning experiences and interrelated with the reading, math, language arts, social studies and science curricula. During one week, the students produced, packaged, and distributed 4,501 packages of candy and earned a profit of $1,106.40.

Paul Theiss, Sixth Grade Teacher, Hudson Middle School, Hudson, Ohio

Economic concepts come to life for Mr. Theiss's sixth grade students. After an overview of micro-economic principles, his students form a pizza company. They sell stock, write job descriptions, assign jobs, advertise, order materials, manufacture, sell, pay wages and taxes, declare dividends and liquidate the company. This one-week project has evolved from approximately $100 in sales in 1976 to nearly $10,000 in sales in 1989.

ENTREPRENEURSHIP ETHICS - A PANEL DISCUSSION

Thomas A. Ulrich, Panel Discussion Chair
Loyola College in Maryland

Panelists:

W. F. (Fred) Kiesner, Loyola Marymount University
Peter Arlow, Youngstown State University
Thomas J. Stuhldreher, Clarion University of Pennsylvania
George S. Cole, Shippensburg University

While the importance of business ethics and business social responsibility is certainly not new, the increased public attention placed on these matters necessitates that all businesses, both large and small, incorporate business ethics and social responsibility into their firms' "Strategies for the 1990's."

This session will include discussions concerning the results of recent surveys of entrepreneurs and smaller firms as well as the normative aspects of these issues. How do entrepreneurs and small businesses see their social responsibilities as compared with large organizations? What do they see as their responsibilities to the customer, the consumer, the community, employees, and to the business, itself? How do entrepreneurs and small business executives view the recent scandals on Wall Street and those involving the Fortune 500 companies? Are entrepreneurs a new source of good business ethics? What are the strategic implications of entrepreneurial ethics?

What is the appropriate standard by which we can judge business ethics? What is the proper place for self interest in business and other professional pursuits? The focus on this part of the discussion is on the dichotomy between public and private morality and the implications it has on improving ethical behavior in general and business ethics in particular.

Business ethics should be more than a topic of casual interest to entrepreneurs. Increased understanding of business ethics provides the entrepreneur with an insight into the prospects facing growing organizations, both the entrepreneur's own firm as well as those of competitors. This part of the discussion will focus on the practical and strategic aspects of business ethics and demonstrate why "good ethics is good business."

ENTREPRENEURSHIP WESTERN STYLE

Donald F. Connelly
Western High School

William H. Hamilton
Purdue University

ENTREPRENEURSHIP EDUCATION

Donald Connelly has taught entrepreneurship at Western Howard High School for three years. The presentation will detail how the courses were innovated and conducted with the aid of two grants from the Indiana Department of Education. The following objectives guided the presentation of the text and other materials used in the course. At the conclusion of the course, the students will be able to:

- o Define the economic concepts that apply to a business venture given a unit of instruction in basic economic concepts.
- o Identify economic concepts that apply to his/her proposed business venture.
- o Apply the economic concepts to his/her proposed business venture.
- o Explain the economic implications of consumer demands in a modern society.
- o Explain economic incentives which are factors that motivate and influence human behavior.
- o Explain profit as it relates to an entrepreneur when planning a new business venture.
- o Demonstrate an understanding of economic principles such as supply, demand, scarcity, leverage, substitution, elasticity, time, and place utility.
- o Use economic education software to enhance economic concepts learned.
- o Use integrated computer software packages with confidence including word processing, spread sheets, database, and graphics programs as they apply to business plans.
- o Use accounting software with confidence in his/her business plan to run balance sheets, cash flow projections, accounts receivable, accounts payable, income tax preparations, profit and loss statements, family living budgets, inventory control, employee payroll, and beginning and ending inventories.
- o Complete simple accounting procedures such as double entry system debits and credits, posting entries and other procedures.
- o Write a detailed business plan that will communicate goals to: spouse, lenders, employees, partners, customers, or stockholders.

THE INDIVIDUAL ENTREPRENEUR: A CASE WRITING WORKSHOP

James T. Chrisman
University of South Carolina

William Naumes
Skidmore College

This workshop is designed for experienced case writers. Cases and teaching notes are being solicited in the following areas: Marketing, Production/Management Sciences, Finance/Accounting, and General Management. Persons with completed cases and teaching notes are encouraged to submit them for review. Cases and teaching notes will be selected according to originality, completeness, and applicability of case to the classroom. Others are invited to attend the sessions to share comments and constructive criticisms.

This case-oriented session is intended to be an expansion and extension of previous efforts to develop the case methodology in the decision sciences. The emphasis is on sharing experiences, evaluating cases, and showing the similarity in the development of case materials to field research or consulting experiences.

The session will emphasize round-table discussions and evaluation of cases and teaching notes. The use of cases as classroom aids and research tools will also be stressed.

Keys to Profitability: Current Research Programs Helping Small Businesses Stay Viable

Helping small businesses understand the keys to profitability and success are the principles that quide the research and service activities of the panel members and will be the topic of discussion for this workshop. Each of the four panel members graduated from Oklahoma State University where they also worked as research assoicates in the Center for Apparel Marketing and Merchandising (CAMM). CAMM is a non-profit center established to provide assitance and expertise to the small business owner.

Our workshop will begin with a presentation from Dr. Linda K. Good, former director of CAMM, discussing the unique concept of CAMM and how it functions to improve the profitability of small businesses. Dr. Good also will briefly describe her current research focus which is the development of a conceptual model measuring productivity of small firms.

In every retail organization, the purchasing of merchandise is a complex, yet fundamental daily activity. Dr. Ann E. Fairhurst will describe her research which investigates the decision-making process of small firm retail buyers. Dr. Fairhurst also will discuss the results of an empirical investigation into the job content of these small firm buyers.

In order to stay viable in todays competitive marketplace, the small business owner must understand the needs and wants of their customers. Dr. Antigone Kotsiopulos has studied and been employed in both goods and services marketing orgnizations and will describe the results of her research projects that have lead to customer profiles for small specialty stores.

What are the marketing strategies of some successful small apparel retail firms? How are marketing strategies related to the profitability of small firms? Which financial ratios can help small firms better understand their business? These are some of the questions that Dr. Susan S. Fiorito has investigated in her research program and will discuss at this workshop.

Chair and Panel Member:
Dr. Susan S. Fiorito
Assistant Professor
The University of Iowa
38A Macbride Hall
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(319) 335-0487/0484

Panel Members:
Dr. Ann E. Fairhurst
Assistant Professor
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203 Wylie Hall
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(812) 335-5497/6188

Dr. Linda K. Good
Assistant Professor
Michigan State University
204 Human Ecology
East Lansing, MI 48824-1030
(517) 355-1282

Dr. Antigone Kotsiopulos
Associate Professor and Merchandising Program Coordinator
Colorado State University
Ft. Collins, CO 80523
(303) 491-5260

Workshop Title: **Michigan Business Counselor Certification Training Program**

Presenter: Nancy J. Grose
Michigan Small Business Development Center
Assistant Director, Program Development
2727 Second Avenue
Detroit, MI 48201
(313) 577-4848

The major portion of the workshop will consist of an explication of both the structure and components of the Michigan Business Counselor Certification Training Program. The program was designed to furnish a common base of knowledge and skills within the Michigan Business Development Center Network, in order to facilitate small business counseling and increase economic development in the State. The program is the first of its kind in the country.

Outline

I. Rationale for Developing the Training Program

II. Components and Implementation of the Program

- A. Topics and method of presentation
  1. Outlines
  2. Support Materials
  3. Video tape of counseling practice session
- B. Problems encountered during pilot training
  1. Adjusting for audience expertise level
  2. Adjusting for poorly received program content
- C. Certification Project
  1. Description of Certification Project
  2. Sample for audience review

III. Participant Evaluation of Business Counselor Training Program

IV. Questions & Answers

MODEL ADULT AND COMMUNITY COLLEGE ENTREPRENEURSHIP PROGRAMS

David Hague, Chair
Wisconsin Department of Voc/Tech Education

o Greenhouse - Growing New Businesses
Tom Barrett
Clackamas Community College
Milwaukee, Oregon 97222

Lots of supportive listeners to hear ideas and problems of hopeful entrepreneurs and at least two ideas that can be put to use immediately highlight each week of the 20 week greenhouse program. The emphasis is on useful, practical and applicable ideas to help business owners carry out daily tasks.

The proof of the program's success is the 77 people who completed the greenhouse program and were still in business two years later. This program works! The business failure rate so common for new businesses seems to have been reversed.

Business feasibility is a major ongoing theme: is there a need, is there a market and how to communicate with that market. The sessions are tied to the three areas for business success (records, marketing, and technical) and provide introductory materials and worksheets for self-paced directions in the development of a business plan. Extensive use of current published articles that are relevant to the local economy are used. Program completers are prepared and ready for the more advanced small business management program offered by the Small Business Development Center at Clackamas Community College.

Good networking between businesses results in thousands of dollars of business between Greenhouse participants during the 20 week program. This client driven program will be produced in video tape for statewide distribution. Now in its third year, the approach has been proven to such an extent, that a second section has been added in a rural part of the district and the original campus location has reached maximum enrollment.

o Small Business Operations
Lynn Revoy
Waukesha County Technical College
Pewaukee, Wisconsin 53072

This highly successful program defies the conventional wisdom that says only brief seminars and workshops will attract entrepreneurs and small business people for educational offerings. With a varied curriculum, convenient class scheduling, experienced professional staff and thorough advance planning, Waukesha County Technical College is beating the odds.

In its second year of operation, the program serves 80 individuals. Whether planning a business or actually operating a small business, students find practical information taught by professionals working in the field. When coupled with evening and weekend schedules, the short-term (most classes are 6-18 hours) classes are designed to meet the needs of business small business people.

A key element in the program's success is the extensive research and planning to develop this non-credit certificate program. A series of meetings were held throughout the district to determine interest of district residents, and a survey was mailed to former WCTC students and those who attended the meetings. The surveys revealed a significant need and classes were developed following extensive input from an advisory committee of small business leaders in the community.

Required classes include the following:

How to Start Your Own Small Business	(18 hours)
Market Research and Planning for Small Business	(12 hours)
Techniques in Developing a Business Plan	(12 hours)
Tax Consequences for Small Business	(6 hours)
Legal Considerations for Small Business	(9 hours)
Insurance Considerations for Small Business	(9 hours)
Personnel Relations for Small Business	(12 hours)

and one of the following:

Bookkeeping for Small Business	(36 hours)
Recordkeeping for Small Business	(36 hours)
Microcomputer Applications for Small Business	(36 hours)

While not all individuals require training in all courses, an increasing number of clients are graduating every semester. They are telling WCTC staff that completing the entire program is an important personal goal for them.

MODEL COLLEGE AND UNIVERSITY ENTREPRENEURSHIP PROGRAMS

Stuart Devlin, Chair
New Mexico State University

The USASBE Entrepreneurship Education Committee's Subcommittee on Model College and University Entrepreneurship Programs selected two programs for recognition in 1989:

1. The Entrepreneurship Program of the Karl Eller Center, College of Business and Public Administration of the University of Arizona.
2. The Office for Entrepreneurship Studies, Denton Thorne Chair in Entrepreneurship and Smaller Enterprises College of Business Administration, University of Illinois at Chicago.

The program at the University of Arizona is privately funded. It is an integrative effort which has enjoyed a great success and has impacted on the entire College of Business and Public Administration. It is a year-long 15 credit curriculum combining the strengths of the college's academic strengths with practical experience. The high visibility and success of the program has helped foster an entrepreneurial climate in the state of Arizona.

The University of Illinois at Chicago program is also privately funded. It is an unusually comprehensive and innovative effort which includes a MBA concentration in entrepreneurship, a high quality in-depth program for entrepreneurs, publishes an entrepreneurship newspaper which is distributed to midwest campuses, reaches down to 3,000 fifth and sixth graders, and sponsors numerous meetings devoted to entrepreneurial issues and awareness.

Dr. Gary D. Libecap is the Director of the Karl Eller Center and Dr. Gerald E. Hills is the Director of the Office for Entrepreneurial Studies. Dr. Hills also is the Denton Thorne Chairholder in Entrepreneurship and Smaller Enterprises.

MODEL ELEMENTARY AND SECONDARY ENTREPRENEURSHIP EDUCATION PROGRAMS

Doug Mahr, Chair
California Department of Education

In the spring of 1989, the USASBE Entrepreneurship Education Division initiated a national search to identify three outstanding national models in entrepreneurship education at the elementary and secondary levels.

This workshop will feature the program directors from each of the three award-winning models. Each will provide an overview of their creative and innovative entrepreneurship programs.

> Carolyn Barnes, Applied Entrepreneurship Education, Carroll County AVEC, Carrollton, Kentucky. This national award winning program uses a shopping mall, built specifically for the entrepreneurship program, to provide "real-life" entrepreneurial experiences.
>
> Dr. Tom Medina, Entreprenomics, Kearny High School, San Diego, California. This innovative program is taught in a comprehensive high school and combines entrepreneurship and economics to meet the state's economics graduation requirement.
>
> Angela Rochon, Skill Center of St. Clair County, Port Huron, Michigan. Provides entrepreneurship education to a variety of client groups using nontraditional funding sources such as JTPA.

These programs represent the "leading edge" in innovative and creative entrepreneurship programs for the 1990s.

NEW STRATEGIES FOR A NEW DECADE IN ENTREPRENEURSHIP EDUCATION

by E. Edward Harris, Executive Director,
Illinois Institute for Entrepreneurship Education

The mission of the Entrepreneurship Education Division of the United States Association for Small Business and Entrepreneurship (USASBE) is to make entrepreneurship education a part of all educational systems. If this is to become a reality, there is a need to create a national institute and policy for entrepreneurship education, which could be supportive of local, state, and regional initiatives.

The first Institute soley devoted to entrepreneurship education is now fully operational. The Illinois Institute for Entrepreneurship Education was created by the State of Illinois General Assembly by a vote of 153 - 1 in January 1988. In 1989 the state legislators appropriated $250,000 to the operation of the Institute for 1989-1990.

With the creation of the Illinois Institute for Entrepreneurship Education, the state of Illinois is the first state to create a comprehensive lifelong learning entrepreneurship education policy. The Institute is a private-public entity created by the Illinois General Assembly. Its mission is to help educate citizens in the role and contributions of entrepreneurship to economic development and job creation. The major purpose of the Institute is to prepare instructional personnel and materials in the field of entrepreneurship education.

To help the citizens understand and take advantage of opportunities in the private enterprise system, the Illinois Institute for Entrepreneurship Education developed a program of work. The Institute will provide this program to educators and students at <u>all</u> levels to assist them to comprehend:

* The role of the entrepreneur as organizer, risk taker and contributer to a successful quality of life;
* The need for life-long learning for those who aspire to be successful entrepreneurs, investors and contributing employees;
* The ways to obtain support of entrepreneurs, business leaders and associations, labor leaders, other educational institutions and the general public for programs designed to integrate practical lessons about the private enterprise system, and entrepreneurs as important historic figures and contributors to our quality of life.

We now need an institute for entrepreneurship education in every state, as well as a national policy and a National Institute for Entrepreneurship Education. Hopefully, as a result, educators will be empowered so that entrepreneurship education can truly be infused throughout the total educational system.

NURTURING THE FEMALE ENTREPRENEUR

Margaret H. Sharpe
University of Mississippi

INDIVIDUAL ENTREPRENEURSHIP

Women are starting their own businesses at a rate of three to one over men. The proportion of all sole proprietorships operated by women, has grown from under 5 percent in 1972 to 26 percent in 1985. From 1980 to 1985, the number of women-owned businesses increased by 47.4 percent, compared to 31 percent for businesses owned by men. However, as a group, they demonstrate certain tendencies which, in the long run, are not conductive to their long-term success. These include: starting small and staying small, clustering in labor intensive, low capitalization industries, settling for lower returns on their investments than men, experiencing lower gross receipts and lower net income than businesses in general, being part-time and under-capitalized, hiring few, if any employees, and remaining almost exclusively sole proprietorships.

Between now and the year 2000, women will account for nearly 60 percent of the total number of people entering America's workforce. Given this numerical advantage, it is clear that the trend of women starting their own businesses is going to continue to out pace that of men. Under these circumstances, nurturing women in visionary entrepreneurship becomes not so much a good thing to do as a vital thing to do.

This workshop identifies the barriers women face as the venture into business ownership, as well as the attitudinal problems they bring with them. It suggests classroom and seminar/training session topics, including: Overcoming Enculturation; Conquering Math Terror; Preparing Business Plan/Financial Projections; Thinking Big; Ambivalence About Competition; Network Isolation; Balancing Home and Work; and The Female Management Style.

Material to facilitate classroom/seminar handling of this topic will be provided to all workshop participants. The workshop presenter is the Interim Director of the Small Business Development Center located at the University of Mississippi. She is a small business owner, and has a total of 25 years experience in business.

The OVET Program in Ohio
Leon Albert, State Director

This panel presentation will provide a discussion of the Ohio Veterans Entrepreneurial Training project which has been operating in Ohio since January 1988. OVET is designed to provide a select group of veterans with the necessary training to enable them to develop new business ventures. In addition to a brief explanation of the history of the project, the discussion will touch on the following aspects of OVET:

- o Ohio veteran population
- o Target group served/ qualifications
- o Participating organizations
- o Intake process/orientation
- o Training offered/support services available
- o Project impact/implications
- o Plans for project expansion, extension
- o Background on small business in U.S.
- o Project objectives
- o Funding for project
- o Project success to date
- o Unexpected outcomes from project

While not the first such project of its type in the country, OVET nonetheless has become a model project that is being replicated by states wanting to enhance their training and employment services to veterans. OVET is considered a highly successful example of a public and private partnership formed to enhance the economic viability of the state, as well as the individual veteran participants and the communities in which they reside. Much of the project's success can be attributed to the involvement of two-year colleges which are particularly adept at providing short-term, focused training programs to targeted audiences. The project has focused on utilizing existing resources available for small business development and support, and has avoided duplicating services.

The OVET project had an initial goal of serving 105 Ohio veterans. This goal was surpassed with a total of 123 enrolling in the program. Despite some dropouts, the program continues to enroll 85 participants from throughout the state. Even though the training program is not completed, some program participants already have started businesses. Many others are completing business plans and arranging financing for new businesses or are using their new-found knowledge to enhance existing businesses. The outcomes anticipated from the program should be extremely significant.

By featuring both the state coordinator and two of the seven campus coordinators, the presentation will offer statewide and local perspectives on the program, as well as the nuts and bolts of program operation. Veteran participation on the panel will facilitate a discussion of the relevance of the training program to veterans' needs and the value of support provided each veteran throughout his/her participation in the program. Visuals (overheads) also will be part of the presentation.

Similar presentations have been given by the OVET State Coordinator in several instances. Mr. Albert has shared information about the program at a U.S. Department of Labor gathering for state employment service personnel in San Antonio, Texas; an American Technical Education Association national conference in Toledo, Ohio; and before 40 Ohio state legislators in a session sponsored by the Ohio Department of Education.

PARTNERS IN POLICY:
A First Step

Dr. R. Jerry Adams, Vice-President
National Business Association, Dallas, TX

The focus of the workshop will be the development of partnerships among government, entrepreneurs, and educational systems to create a comprehensive support system for entrepreneurs and the self-employed in this country. Three computer programs will serve as examples for a model for the development of partnerships.

Life goals of government workers, entrepreneurs, and educators may be quite different from each other. The basic differences in purpose of life may have formed a barrier to partnerships in the past.

Government workers may view new programs for entrepreneurs in terms of how much red tape will be necessary. They will want to know how their work loads will be increased.

Entrepreneurs may view new programs in terms of how accessing capital will be improved. They want to know how much effort will be necessary to use the program and how much it will help the bottom line.

Educators may view new programs in terms of their models of what entrepreneurs should know. They want to know that their assistance will be requested and at a time when they can do the most good.

In addition to the differences in focus, each of the three groups may tend to view the other two somewhat negatively for their central focuses. Educators and entrepreneurs may not like the government worker's focus on paperwork. Government workers and educators may not like the entrepreneur's short term focus on the bottom line. Government workers and entrepreneurs may not like the educator's focus on concepts and models.

The NBA computer programs were developed jointly by all three groups to serve the values shared by all three groups. The focus of the workshop will be on development of a process of partnership at a national level.

In addition, the three programs will be shared at the workshop, using a computer screen projector. Participants of the workshop will receive free copies of the three computer programs: [1] ***First Step Review***™ *for Business Loans* (provides a quick and simple evaluation of readiness for a loan); [2] ***Direct Step***™ *Operating Plan Forecast* (provides a one year cash flow projection); and [3] ***Direct Step***™ *Cash Flow Analysis* (analyzes cash flow).

A RESEARCH PERSPECTIVE–THE INFLUENCE & STATUS OF FEMALE ENTREPRENEURS IN THE 1990'S

Dorothy P. Moore, Chair and Coordinator

A careful analysis of the literature on entrepreneurship suggests that only recently have studies of the female entrepreneur treated her needs, characteristics, and attributes separately from those of male entrepreneurs. This panel presentation will examine past weaknesses in research on the female entrepreneur and highlight areas which need study and suggest appropriate research methods. A special applied focus of the workshop will be on the impact of role modeling and decisions impacting upon startup capital.

Panelist Topics and Presentors:

Loan Officer Decisions for Start-Up Capital

E. Holly Buttner
Department of Management and Marketing
Joseph M. Bryan School of Business and Economics
University of North Carolina at Greensboro
Greensboro, NC 27412-5001

Role Model Influences on Female Entrepreneurs

Janet S. Adams
Department of Management and Marketing
P.O. Box 444
Kennesaw State College
Marietta, GA 30061

Research Opportunities in Female Entrepreneurship--New Approaches

Dorothy P. Moore
Department of Business Administration
The Citadel
Charleston, South Carolina 29409

STRUCTURING FOR CORPORATE VENTURING

Charles W. Hofer, Workshop Chair
University of Georgia

Diana L. Day, Presentor
Wharton School

Diana Day will discuss how firms should be structured to enhance innovation. She will define invention and innovation and develop hypotheses about their relationship with size, centrality, autonomy, and sponsorship. Her study using a database of 123 corporate ventures will be described. A question and answer session led by Chuck Hofer, will follow.

The major focus of this study is, "How can organizations become more innovative through either structure or process? The issue of innovation dates back to Schumpeter's (1934) arguments. Schumpeter theorized that economic development is dependent on innovation and innovation requires sufficient organization size. More recently, however, the drive to optimize innovation has spurred interest in an emerging organizational form, the new corporate venture (Fast, 1979; Fast & Pratt, 1981), as well as its underlying process called corporate entrepreneurship. (See Schollhammer, 1982, and MacMillan, 1985 for reviews of this subject.) Previous research on this subject has suggested hypotheses on optimal size for innovation, optimal location for innovation (i.e., skunk works versus within the current divisional structure), and optimal support for innovation. As yet, however, corporate entrepreneurship research is so new that most of this research has been based on small sample sizes (e.g., Burgelman, 1983) and/or the consulting projects of experts (e.g., Kanter, 1983; Pinchot, 1985) and most of these research projects have taken place in one, or at most, a handful of firms. What is needed now is to move beyond these valuable developmental efforts to test some of the theoretical notions suggested from these works in a more deductive manner using the typical statistically-based empirical study.

In this study, we attempt to answer the question, "How should firms be structured to enhance innovation?" To answer this question, we: 1) define two key terms...technological invention and innovation; 2) review the relevant literature in organization theory on innovation and organization design to develop hypotheses about the relationship between invention and innovation and size, centrality, autonomy, and sponsorship; and 3) empirically test these hypotheses generated in step two. The study will use a database of 123 corporate ventures from 102 different Fortune 500 firms to test the hypotheses.

USASBE Cleveland Conference Outline

Valuemetrics, Inc.
James P. O'Brien, Chairperson
Robert Nichols, Participant

VALUATION OF CLOSELY HELD CORPORATIONS

Wednesday, October 11, 1989

1. General Considerations
    a. What is Value?
    b. Value from different perspectives
    c. Myths about value

2. Stakeholders who are concerned about value
    a. Shareholders
    b. The Banking Community
    c. Governmental Agencies

3. Valuation Methodologies
    a. Capitalized Earnings
    b. Discounted Cash Flow
    c. Public Comparables
    d. Merger and Acquisition
    e. Asset Liquidation

4. Distribution of Shareholder Value
    a. Discount for Lack of Marketability
    b. Premium for Control
    c. Preferred Stock
    d. Stock Options
    e. Warrants
    f. Voting / Nonvoting Common Stock

THE OHIO

VENTURES IN BUSINESS OWNERSHIP

PROJECT

Sonia Price
Associate Director
Division of Vocational
and Career Education
Ohio Department of Education
65 S. Front Street
Columbus, Ohio 43266-0308
614-466-3430

Starting your own small business is a dream that can become a reality for anyone in the United States. However, a great number of people do not know how to get past the dream.

Ventures in Business Ownership (**VBO**) is a program to help single parents and homemakers become self-employed. It is sponsored by the Ohio Division of Vocational and Career Education in the belief that there are a number of people in this particular target group who need help in making business ownership dreams come true. This audience is specially in need of assistance in finding employment that can be adjusted to their home responsibilities. They are often among the lowest paid workers because of their lack of career experience. This pilot program seeks to discover whether a reasonable number of single parents and homemakers can become more independent and financially secure by starting a business. And further, it is assumed that others who do not start a business may learn more about the economy of the community and their employment options.

In its third year of development, there are eight different full service adult centrs in Ohio offering the program. Existing materials (PACE, and Beyond a Dream) developed by the Center on Education and Training for Employment, The Ohio State University, were adapted by the local women business owners chosen as instructors at each site. The program features use of a state, and local advisory committees that provide important partnerships with the community. The Center provided technical assistance to the sites.

WOMEN IN BUSINESS: MEETING THE CHALLENGE

Joan Gillman, Director
Small Business Development Center
905 University Avenue
Madison, WI 53715

USASBE divisions for which this workshop is focused: Small Business, Individual Entrepreneurship.

This workshop features a video of four Wisconsin women who own and operate their own businesses: They describe their credit problems, negative stereotypes, isolation from "old boy" networks and family adjustments.

Successfully starting and running a business is difficult for both men and women. Society's attitudes regarding what roles are "appropriate" for women in business add barriers that men in business do not face.

The video has a companion handbook. The premise of the SBDC video, "Women in Business: Meeting the Challenge" and the SBDC handbook "Overcoming Barriers and Building Upon Strengths" is there are eight barriers which often concern women business owners. The barriers are:

* Difficulty obtaining credit. Women business owners who participated in a U.S. Department of Commerce survey said that the most frequent barrier they have encountered in their work has been the reluctance of some members of the financial community to consider women good credit risks.

* Limited exposure to math and science. Many women have been brought up to believe that being financially sophisticated is unfeminine.

* Societal biases. It's hard for business women to be taken seriously. One study found that women in business are widely considered to be dabblers, hobbyists or set up in business by their husbands to have fun.

* Not thinking big enough. After being socialized to be cautious and avoid risks and dangers, many women are apt to set their business sights too low. In addition, they're often undercapitalized and may not project the strongest image to lenders and investors.

* Ambivalence about being the competitive, profit-oriented deal-maker. This ambivalence can lead women to undervalue themselves and their services or products in the marketplace, which can have a negative impact upon marketing and sales.

* Isolation from business networks. Since most women have not been a part of the "old boy's club", women have to look a little harder for access to an informal information sharing system.

* Balancing home and work roles. Many women experience exhaustion and stress when they try to juggle their home and work responsibilities.

* Developing a management style. As a study by Charlotte Taylor noted, given their socialization, women in particular may need to develop confidence in their leadership ability and their management skills.

USASBE
CONSTITUTION
AND
BYLAWS

September 1988

CONSTITUTION

UNITED STATES ASSOCIATION FOR SMALL BUSINESS AND ENTREPRENEURSHIP (USASBE)

Article I. Name of the Organization

The name of this non-profit organization shall be the "United States Association for Small Business and Entrepreneurship (USASBE)," an affiliate of the International Council for Small Business.

Article II. Purpose of the Organization

USASBE is devoted to stimulating and improving management of the small business sector of the United States of America. Its mission is to advance management development practices for entrepreneurs and business owners through education, research, and conferences. USASBE is specifically dedicated to:

1. Improving management knowledge, techniques and skills of small business and entrepreneurship throughout the United States of America.
2. Developing an understanding of small business and entrepreneurship in order to promote a continuing method for the free exchange of expertise.
3. Cooperating with the various governmental institutions dedicated to the improvement of small business and entrepreneurship.
4. Publishing materials to add to the knowledge and expertise of its membership and other interested persons.
5. Providing conferences wherein members and others can join together to teach and learn.
6. Stimulating people, institutions and private businesses to become leaders in the development, dissemination and implementation of sound business practices.

Article III. Membership

USASBE shall have four classes of membership: Individual, Student, Organization, and Contributing. General requirements for all memberships and specific requirements for each of these four classes are specified in the Bylaws.

Article IV. Organizational Structure

Section 1. Officers. The elected officers of USASBE shall be: President; President-Elect; Immediate Past President; Vice President, Programs; Vice President, Special Programs; Vice President, Publications; Vice President, Finance; Vice President, Development; Vice President, Membership; Vice President, Research; and six Vice Presidents for Professional Divisions. An appointed officer of USASBE shall be the Executive Director. Additional Vice Presidents for Professional Divisions may be elected as new divisions are initiated.

Section 2. Board of Directors. The Board of Directors shall regulate the operations of USASBE. The Board of Directors shall consist of the elected officers.

Section 3. Tenure of Officers. The tenure of officers shall coincide with the Annual Meeting.

A. Executive Officers. The President, President-Elect, and the Immediate Past President shall serve a term of one year. The Executive Director may be appointed for an indefinite term.

B. Function Officers. The Vice President, Programs shall serve a one-year term. The Vice Presidents of Special Programs, Research, Publications, Finance, Development and Membership shall serve a two-year term. The Vice Presidents of Publications, Finance and Membership shall be elected in the same year, with the Vice Presidents of Research, Special Programs and Development being elected in the following year.

C. Professional Division Officers. The Vice Presidents of the Professional Divisions shall serve one-year terms.

D. Eligibility for Office. Only members in good standing shall be eligible for office. No officer shall be eligible for more than one election to the same office, but after the lapse of one year may again be nominated for the same office.

E. Officer Vacancies. If an elected officer is unable to complete his/her term in office, the Board of Directors may appoint someone to complete the unexpired term.

Section 4. Nominating Procedure. Nominating procedures for Executive Officers and Function Officers are specified below. Nominating procedures for Professional Division Officers are specified in the Bylaws.

A. The Nominating Committee for Executive Officers and Function Officers shall consist of the Immediate Past President as Chair; President; President-elect; and two members-at-large from the members of USASBE.

B. The Nominating Committee shall nominate officers as specified in the Bylaws.

Article V. Professional Divisions

Section 1. Formation of Divisions. Professional Divisions of USASBE may be formed subject to approval of the Board of Directors and requirements expressed in the Bylaws.

Section 2. Operations of Divisions. In all matters pertaining to the implementation of the Constitution and Bylaws, Professional Division Vice Presidents are responsible to the President-elect. This includes all matters related to the use of USASBE's name and to major goals and policies of USASBE.

Article VI. Rules of Procedure

The rules contained in Robert's Rules of Order (Revised) shall govern USASBE in its meetings in all cases where they are applicable and where they are not inconsistent with the Constitution and Bylaws.

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Article VII. Bylaws.

Section 1. Conduct of USASBE Business. The conduct of USASBE's business shall be governed by the Bylaws.

Section 2. Provisions of Bylaws. The provisions of the Bylaws shall not conflict with the provisions of this Constitution, from which they derive their authority.

Article VIII. Constitutional Amendments

Section 1. Proposals. Amendments to this Constitution may be proposed by either: (a) a vote of two-thirds of the Board of Directors, or (b) a written request from 25 members in good standing that the Board of Directors authorize a ballot on proposed amendment(s)

Section 2. Ballot. This Constitution may be amended at any time by a two-thirds plurality of the ballots returned. However, no amendment shall be considered to be adopted unless fifteen percent (15%) of the members in good standing have voted. This vote shall be taken by mail ballot, under conditions that will insure the secrecy and accuracy of the vote.

Any proposals to amend this Constitution must be submitted to the members at least forty-five (45) days before the closing date of the ballot. A report of the results of the ballot must be made at the next annual meeting of USASBE.

BYLAWS
UNITED STATES ASSOCIATION FOR SMALL BUSINESS AND ENTREPRENEURSHIP
(USASBE)

Article I. Membership Requirements

Section 1. Qualifications. Any individual or organization subscribing to the purposes and objectives of USASBE shall be eligible for membership.

Section 2. Classes of Membership. USASBE shall have four classes of membership: Individual, Student, Organization and Contributing.

A. Individual. This class includes, but is not limited to, such persons as educators, owner-manager, entrepreneurs, government employees and other management assistance professionals.

B. Student. This class includes students at U.S. institutions of higher education.

C. Organization. This class includes, but is not limited to, universities, colleges, government agencies, professional and trade associations, chambers of commerce, and consulting firms which subscribe to the purposes and objectives of USASBE and wish to lend support to USASBE. Each organization member shall be permitted to designate no more than two members who shall be entitled to all privileges and benefits of individual membership. Only the designated members shall receive the regular publications of USASBE.

D. Contributing. This class shall include any individuals who elect to become contributing members.

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Section 3. Admission to Membership. Application for membership shall be filed with the Executive Director. Admission to membership shall be granted to U.S. residents and U.S. organizations upon receipt of a written application and one year's dues in advance.

Article II. Organization Structure

Section 1. Board of Directors. The membership and authority of the Board of Directors is set forth in the Constitution.

A. Regular Meetings. The President shall call regular meetings of the Board of Directors. He/she shall set the agenda. Notice of all

regular meetings shall be given at least thirty (30) days before a meeting is held.

B. Special Meetings. The President shall call special meetings at the request of any three (3) Board members with no less than seven (7) days notice before the meeting.

Section 2. Executive Officers. The elected executive officers of USASBE shall be the President, President-elect, Immediate Past President, and the appointed executive officer shall be the Executive Director.

A. President. The President shall:

1. Chair the Board of Directors' meetings.
2. Be the chief executive officer of USASBE
3. Be responsible for the conduct of USASBE's activities in a manner that will assure the accomplishment of USASBE's objectives, subject to the provisions of the Constitution and Bylaws, and the concurrence of the Board in matters of policy.
4. Preside at all meetings of USASBE but may delegate the responsibility to the President-elect.
5. In the absence or disability of the Vice President of Finance, sign or endorse checks, drafts and notes.
6. Appoint an independent auditor annually.
7. Present a report on the status and progress of USASBE at its annual meeting.

B. President-elect. The President-elect shall:

1. Succeed the current President at the termination of the President's year in office.
2. Act for the President in the case of the President's absence or disability or when delegated the responsibility by the President.
3. Coordinate the operations of the Professional Division Vice Presidents.
4. Perform such duties as may be assigned by the President or by the Bylaws.

C. Immediate Past President. The Immediate Past President shall:

1. Serve as the Chair of the Nominating Committee.
2. Serve as the Chair of the Fellows Committee.
3. Serve as the Chair of the Awards Committee.
4. Perform such duties as may be assigned by the President or the Bylaws.

D. Executive Director. The Executive Director shall be appointed by the President, with the advice and consent of the Board of Directors, every third year, so as to provide continuity in the office. The Executive Director shall:

1. Keep and distribute minutes of Board of Directors' meetings and all business meetings of USASBE.
2. Distribute ballots, tabulate returns, and notify all officers of their election.
3. Sign, with the President, all contracts and other instruments when so authorized in accordance with the Constitution and Bylaws of USASBE.
4. Be the custodian of all membership records.
5. Process all inquiries and applications for membership and collect dues.
6. Maintain a current and accurate membership roster.
7. Be bonded in sufficient and adequate amount for the protection of USASBE.
8. Perform such other duties as may be assigned by the President or the Bylaws.

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Section 3. Function Officers. The function officers of USASBE shall be the Vice President, Programs; Vice President, Special Programs; Vice President, Research; Vice President, Finance; Vice President, Development; and Vice President, Membership.

A. Vice President, Programs. The Vice President, Programs shall:

1. Act as Program Chair of the Annual Meeting.
2. Establish and conduct regional USASBE meetings.
3. Direct and maintain the site selection committee.

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4. Perform such other duties as may be assigned by the President or these Bylaws.

B. Vice President, Special Programs. The Vice President, Special Programs shall:

1. Act as Program Chair of the Annual Meeting of the International Council for Small Business when it is held in the United States.
2. Direct the implementation of special programs (seminars, symposia, etc.)
3. Maintain liaison with the Senior Vice President, Programs, International Council for Small Business.
4. Perform such other duties as may be assigned by the President or these Bylaws.

C. Vice President, Publications. The Vice President, Publications shall:

1. Have responsibility for all publications of USASBE (e.g., journals, monographs, affiliate newsletter, etc.)
2. Maintain liaison with Senior Vice President, Publications of the International Council for Small Business.
3. Perform such other duties as may be assigned by the President or these Bylaws.

D. Vice President, Finance. The Vice President, Finance shall:

1. Be responsible for the budget, accounting, financial analyses, and projections of revenues and expenses.
2. Maintain liaison with Senior Vice President, Finance of the International Council for Small Business.
3. Maintain up-to-date copies of the Constitution and Bylaws.
4. Perform such other fiscally related matters as may be assigned by the President or these Bylaws.

E. Vice President, Development. The Vice President, Development shall:

1. Obtain foundation and corporate support for USASBE.
2. Maintain liaison with the Vice President, Membership in obtaining organization and contributing members for USASBE.

3. Maintain liaison with Senior Vice President, Development of the International Council for Small Business.
4. Perform such other duties as may be assigned by the President or these Bylaws.

F. Vice President, Membership. The Vice President, Membership shall:
1. Develop a national membership network to expand the membership of USASBE.
2. Provide direction for membership growth in all classes of membership.
3. Perform such other duties as may be assigned by the President or these Bylaws.

G. Vice President, Research. The Vice President, Research shall:
1. Be responsible for encouraging, accepting and approving research activity with USASBE.
2. Perform such other duties as may be assigned by the President or these Bylaws.

Section 4. Professional Division Officers. Each Professional Division shall be chaired by a Vice President, who is elected by the members of his/her division.

A. Vice President, Professional Division. Each Vice President of a Professional Division shall:
1. Chair the Division's meetings.
2. Be the chief executive officer of the Division.
3. Be responsible for the operations of the Division, including such items as membership, programs for the Annual Meeting, Division newsletter, research, and finance.
4. Report to the President-elect for coordination of operations.
5. Provide liaison with the Function Vice Presidents.

Section 5. Appointments. The President, with concurrence of the Board of Directors, shall appoint a Director of Placement, an Historian, a NEWSLETTER Editor, and PROCEEDINGS Editor. The Director of Placement and the Historian will report directly to the Board of Directors at the Annual Meeting. The NEWSLETTER Editor will report to the Vice President of Publications, and the PROCEEDINGS Editor will report to the Vice President, Programs.

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A. Terms of Office. Terms of office shall not exceed three years, except in the case of the Historian, who may be reappointed.

B. Operations. The incumbents shall be responsible for budget, staffing, and administration of their respective operations.

C. Selection. At least one year prior to the completion of the term of office, the President will appoint a search committee to obtain candidates for each of the positions. After the search committee(s') report(s), the President, with the concurrence of th Board of Directors, will announce the associate appointments. After one year of satisfactory service, the associates become the primary appointees.

Article III. Elections

Section 1. Nominating Committee. The Nominating Committee was detailed in the Constitution for Executive Officers and Function Officers.

Section 2. Nominations. The Nominating Committee shall nominate annually one or more persons for each Executive Officer and Function Officer position. However, there shall be no nomination for the President since that position is automatically filled by the President-elect.

Section 3. Election. All elections, including those for the Professional Divisions, shall by by mail ballot. Election ballots shall b mailed by the Executive Director to all members three months prior to the end of the fiscal year. Ballots must be received within sixty(60) days of the mailing date to be counted for purposes of election. A majority vote of those members eligible and voting shall elect.

Section 4. Professional Division Elections. Professional Division elections will be held within each Division. Only members of the Division will be eligible to vote for the officers of the Division which include, a a minimum, Vice President-elect and Program Chair. The Vice President-elect will become the Vice President of the Division the following year. Nominating procedures for Professional Division elections should be congruent with those for Executive Officers and Function Officers.

Section 5. Notification of Election Results. All nominees will be notified of the results of the election by the Executive Director. USASBF members will be notified at the Annual Meeting of the election results.

Article IV. Committee Structure

Section 1. Standing Committees. The President shall be assisted in policy formulation and the operation of USASBE by such standing committees as are authorized in the Bylaws. These committees perform such duties as are specified in the Bylaws under the immediate direction of a chair or by the President. The standing committees include:

A. Budget Committee. The Budget Committee shall be composed of: Vice President, Finance (Chair); President; President-elect; and executive Director. This Committee is charged with developing budgetary recommendations for each new fiscal year. These recommendations must be acted on by the Board of Directors before the end of the Annual Meeting. The Vice President, Finance, is bound by these budget amounts, except that, for flexibility during the year, the President may vary accounts by not more than ten percent (10%), subject to subsequent review by the Board of Directors. Amounts varying by more than ten percent (10%) must have the prior approval of the Board of Directors.

B. Professional Division Review Committee. The Professional Division Review Committee shall be composed of the President-elect, one former officer, and one representative from the general membership. No more than one committee member can be from a division under review in a given year.

C. Membership Committee. The Vice President, Membership shall appoint the members of the Membership Committee with the concurrance of the President.

D. Nominating Committee. See the Constitution.

E. Program Committee. The Vice President, Programs shall chair the Program Committee for the Annual Meeting.

F. Special Programs Committee. The Vice President, Special Programs, shall chair the Program Committee for the International Council for Small Business when it is held in the United States.

G. Site Selection Committee. The previous Vice President, Programs shall serve as Chair. The other two members of the Committee are the current Vice President, Programs and one member of the Board of

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Directors. The Committee shall recommend sites to the Board of Directors for the Annual Meeting.

H. Audit Committee. Three members appointed by the President with th concurrence of the Board of Directors. The Executive Director and Vice President, Finance are not eligible to serve.

Section 2. Special Committees. The President may appoint, with the advice of the Board of Directors, such special committees and task forces as he/she may believe are necessary. The life of all such committees shal expire with the completion of the specified assignment or at the end of th current fiscal year.

Section 3. President and Committees. The President shall be ex officio a member of all committees, unless otherwise noted. The President shall appoint members of committees unless otherwise designated in the Constitution and Bylaws.

Article V. Professional Divisions

Section 1. Operations. All Professional Divisions shall be subject t a set of policies which help Divisions develop their own individual programs but which at the same time prevent one Division from conflicting with other Divisions or with other parts of USASBE. These policies shall be set forth in a Professional Divisions Policy Statement. Any change to the Professional Divisions Policy Statement must be adopted by a two-third vote of the Board of Directors.

Section 2. Coordination with Other Divisions. Professional Division Vice Presidents report to the President-elect for purposes of coordination and the implementation of the Constitution and Bylaws.

Section 3. Periodic Review of Divisions. Each year, the President shall appoint a committee to review the status of existing Divisions. (Fo composition of the Committee, see Article IV.) The Committee will review the activities and contributions of at least one Division each year, selected so that every Division will be reviewed once every five years. I preparation for such review, the Division Vice President will submit to th Committee a written report, including a summary of substantive activities relative to Annual Meeting programs, Divisions membership, contributions t the field of small business and entrepreneurship, and unique elements of Division focus. The Committee will then recommend continuation, merger, c

significant changes in practice to the Board of Directors at a mid-year meeting. These recommendations will be based upon the quality of Division programs, member interest and involvement, and responsiveness of Division officers to USASBE administrative responsibilities.

If ten percent (10%) of USASBE members sign a petition requesting a new Division, the Board of Directors will consider whether such a Division should be established. A decision will be made on the same criteria as outlined above.

Article VI. Fellows of the U.S.A. Affiliate

The Fellows Program of USASBE is chaired by the Immediate Past President. The Program is intended to reward members for outstanding contributions to the field of small business and entrepreneurship and to USASBE.

Article VII. Archives of USASBE

The Archives of USASBE will be established and maintained at an appropriate setting, approved by the Board of Directors, and maintained by the Historian.

Article VIII. Fiscal Year

The fiscal year of USASBE shall be set by the Board of Directors.

Article IX. Dues

The annual dues of the various classes of membership shall be set by the Board of Directors. A member more than three months in arrears in payment of dues may be dropped from USASBE membership.

Article X. Annual Meeting

USASBE shall hold at least one business meeting each year, unless prevented by national emergency. Twenty-five (25) of those members officially registered at the Annual Meeting as present and in good standing shall constitute a quorum of all business meetings of USASBE.

Article XI. Amendments

Amendments of the Bylaws shall be by majority vote of ballots returned through a mail ballot sponsored by the Board of Directors.

For more information about USASBE contact:

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